

THE INDIAN SOCIETY OF AGRICULTURAL ECONOMICS

AGRARIAN REFORMS
IN WESTERN COUNTRIES

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Foreword

After the publication of "The Indian Rural Problem" in 1944, we felt the need for a more detailed study of the land problems of India than we could attempt in that book. The work of collecting the necessary data has already been taken in hand and we expect in due course to bring out a volume dealing with the land problems of India in all their aspects. In this connection it was felt that it would be desirable to bring together in a compact monograph the agrarian reforms attempted in recent years in different parts of the world. This would enable us to take a comparative view of our problems and indicate possible solutions.

With this object in view, a plan for the present study was prepared and the Office of the Society set to collect the necessary information. The bibliography at the end indicates our sources. In the main, we have relied on the Proceedings of the International Conferences of Agricultural Economists and on the League of Nations' publications such as the bulletin on Land Tenure Systems in Europe and the monographs on rural life in the Continental countries. It has also been possible to make use of some more recent literature obtained through the various Consulates in Bombay. A few general works on peasant farming in Europe and some of the official publications of the U.S.A. have also been availed of for this purpose.

It will be seen that the study refers to pre-war conditions. The post-war period will, perhaps, witness far-reaching changes in organisation and in ideologies. Nevertheless, an account of agrarian reforms in different parts of the world such as we have been able to get together here is not without interest. We in India have to deal with problems of what may be a bygone age in other countries.

It need not be inferred from this study that we desire to offer any one particular solution for our agrarian problems or to dogmatise regarding its suitability to our agriculture. On a general review of the problems, however, peasant proprietorship suitably re-organised and assisted by the State, as in the countries dealt with in this book, seems to offer the best immediate solution. In the concluding chapter, therefore, an attempt has been made to indicate in broad terms an outline of the policy which would help us to bring about a similar transformation in the agrarian structure of this country.

The work of collating the necessary information and drafting the various chapters has been done by Mr. B. S. Mavinkurve in the Office of the Society. To him our thanks are due.

J. J. Anjaria
Hon. Secretary

Manilal B. Nanavati
President

1st August, 1946.

INTRODUCTION

The agrarian reforms instituted by Europe since almost the middle of the last century show a great diversity from country to country. While countries like U. K. and Germany tried to adopt moderate methods to build up a more contented peasantry, Russia chose the revolutionary path of collectivisation of farms. Between these two types comes a whole gamut of variously devised agrarian reforms; the more closely they resembled the Russian "experiment", the more radical were they in effect. For the purposes of studying these reforms, the Continent lends itself to division into three zones :—

I. The land settlement zone covering Western and North European countries in which the reforms, though they encouraged the ideal of small independent holdings, aimed primarily at improving the land tenure. The principal countries in this zone are the United Kingdom, France, Germany, Italy, Belgium, Holland, Sweden, Norway, Denmark and Switzerland.

II. The agrarian reform zone where more radical measures were adopted to rehabilitate agriculture. This group comprises countries in Central and Southern Europe, viz., Estonia, Latvia, Lithuania, Poland, Czechoslovakia, Rumania, Yugoslliavia, Greece, Hungary, Bulgaria, and Finland.

III. The Zone of agrarian collectivism covered by Russia where agriculture underwent a revolutionary change as farming methods and practices were to a remarkable extent subjected to the control of the State.

The fundamental problem which faced most of these countries was a steady growth in the population without a corresponding increase in the food supply for the people. From 188 million in 1800, the population of Europe excluding Russia had increased to 266 million in 1880, and, by the close of the 19th century, to over 400 millions. In many of these countries what proved to be the greatest impediments to agricultural progress were the remnants of feudalism with the various odious aspects of the system such as concentration of property in the hands of large estate owners, systems of servitude based on political rights, custom and tradition and a pauperised class of tenants, crop-sharers and metayers; as

a result, the agricultural system had become too outmoded to make any improvements in the methods of tillage possible. On the whole, the reforms were the outcome of a desire to remove the social evil of inequitable distribution of land which had arisen out of historical developments and to build a strong and independent peasantry so as to facilitate maximum utilization of soil.

The measures taken towards this end were governed mainly by one or more of these three important principles : firstly, ownership of land by non-cultivating classes was to be discouraged by measures such as regulation of rent at low levels, assisting tenants to buy the lands they cultivated etc. Secondly, the number of small independent farmers owning economic holdings was to be increased by opening new land—private and State owned—for settlement, and by breaking up large estates for parceling them among the landless classes and uneconomic holders. Thirdly, it was considered necessary to subordinate all private ownership—its size, alienability, inheritance, the extent to which the property could be encumbered etc.,—to the interests of the community. While the first two principles were expected to direct lands into the hands of the genuine cultivators and thus to speed up technical progress, the last principle was accepted as inevitable if the achievements under the former two were not to be lost again.

It may be noted here that the problem of rehabilitation was approached also from other angles so as to make the measures comprehensive. Vital factors affecting the efficiency of agriculture, such as the rate of increase in the farm population, the progress of industrialisation, the level of capital equipment of farms, the education and health of the rural community—each of these aspects of national economy was taken up for consideration and treated on its own. The results of all these measures have been striking. The greater part of cultivated land in most of these countries is in small units and is directly worked by the owner himself. Thus the cultivated area of 207 million hectares in Europe (excluding Russia) has over 26 million farms with an average size of 7.9 hectares per farm.* Though peasant farms can be and in some cases are large holdings of 10 to 30 hectares, they are hardly typical in Europe. Thus, we find in Eastern Europe that, excepting in Hungary and Western Poland, 70 to 80 per cent. of the land in all the regions is under small farms and is worked by the peasant family ; the average size of holding is about 5 ha. or 12 acres.† Similarly, the problem of uneconomic holdings has been successfully tackled. Dwarf holdings still exist, particularly in the industrial regions, but they do not constitute an evil as they are not the only source of income to the owner but represent part-time or subsidiary holdings. At the same time, industrialisation has greatly helped to relieve

* D. Warriner "Economics of Peasant Farming". Table on page 3.

† Ibid. p. 140-41.

the pressure on land by absorbing the surplus rural population and by keeping the proportion of dependents on agriculture low at a little more than two-fifths of the total population.†

The table over-leaf indicates the agricultural recovery in Europe (excluding Russia) during the years following World War I. No doubt, various factors have contributed to this development but among them the land reforms occupy an important though somewhat undefinable place. For, without these reforms, a considerable part of the energy and funds spent on technological improvement and on the adoption of intensive methods of farming would not have given such significant results. Extensive areas under large ownership predominantly of non-cultivating

Production of Cereals and Potatoes.‡
(In million metric quintals).

| Region. | 1919-23 | 1934-38 | % increase |
|-----------------------------|---------|---------|------------|
| Western Continental Europe. | 642.0 | 863.7 | 34.5 |
| Eastern —do— —do— | 459.2 | 666.9 | 49.6 |
| Total. | 1,101.2 | 1,550.2 | 40.8 |

proprietors, covering about 20 million hectares were split up and parcelled out among small peasant families. On the whole, about 2 million new farms were thus created which is no small achievement when we consider the relatively low pressure on land in Europe as compared with India. A significant fact to be noted is the higher percentage increase in agricultural production in Eastern Europe where peasant farming has made greater headway than in Western Europe. Yet, the merits of these reforms are not to be judged by increased agricultural production alone. For they not only raised the material well being of the people but, by bringing about a better distribution of land and by developing a class of small and independent agriculturists with their interests and privileges protected, these measures also helped to strengthen the social foundations of the country.

This brochure on the various programmes comprising land reform is put forward because such a study sheds considerable light on a fundamental aspect of agricultural economy which, in India, has been sorely neglected viz. land tenure. The reforms which vary in their details from country to country, may not always be found suitable to Indian conditions, but, as will be seen from our concluding chapter, the broad principles which underlie these reforms are bound to prove relevant and useful in arriving at decisions on how to approach the problems of land tenure in India.

† Warriner. p. 197.

‡ "Agricultural Production in Continental Europe."

§ During the 1914-18 War and the Reconstruction Period (League of Nations 1943) App. I, Tables (a), 1 (b) and 2; pp. 60-62.

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PART I

The Land Settlement Zone

The countries in this group, while encouraging the formation of small rural undertakings, did not intend to do anything more than improve the system of land tenure ; the main objective was to create conditions most conducive to the success of the tenant's enterprise. The instituting of small peasants, wherever undertaken, was not so much through expropriation of large owners as through the land settlement policy of the Government. The freedom and rights of the land-owning classes, therefore, were not encroached upon except in cases where they were clearly prejudicial to the interests of the tenants.

1 GREAT BRITAIN

Introduction

The total land area of Great Britain is 22.7 million hectares, of which 4.9 million hectares or 21 per cent. is cultivated land. The facts that nearly three times the cultivated area is permanent meadow and pasture and that the area under fodder crops is a little more than the area under cereals show the relatively greater importance of livestock in the economy of the country. As compared to most of the countries on the Continent, Great Britain has a small proportion of people dependent on agriculture; there is a steady movement away from the land, the percentage of the agricultural population in the country having declined from 12.45 per cent. in 1881 to 5.69 per cent. in 1931.

Objectives

The agrarian reforms of Great Britain have been more or less conservative, aiming merely at settling the landless agriculturists on newly reclaimed land and at improving the conditions of work and living of the tenant classes. The various legislative measures passed since the last quarter of the 19th century had in view these two objectives which may be studied separately.

LAND SETTLEMENT¹

The Small Holdings Act, 1892

The Small Holdings Act of 1892 marks the real beginning of England's policy to encourage the establishment of small-holdings though three Acts containing provisions towards the same end were passed prior to this measure. It sought to check the large-scale emigration of agricultural workers to cities and towns by enabling them to own a plot of land. It empowered the Councils of Counties and County Boroughs to create small holdings where a need was proved to exist. The State provided the capital required for the purchase of land at a low rate of interest. The purchaser was required to pay at least one-fifth of the purchase price in advance. He could pay perpetual rent equal to the interest on one-fourth of the remaining capital on the condition that the other three-fourths would be paid off in half yearly instalments of principal and interest. An applicant who was unable to purchase land could obtain a holding on lease, but such a holding could not exceed 15 acres in area or £15 in rental. The Act was more or less a failure owing to its enabling character. Very few holdings were established under the Act, the area acquired between 1892 and 1906 under this measure being only 790 acres.

¹ The statistical information in the following relates in most cases to England alone, owing to the non-availability of complete data regarding Scotland and Wales. Land reforms in these regions proceeded along similar lines.

The Small Holdings Act, 1908

To remedy this defect, the Small Holdings and Allotments Act of 1908 was passed making it obligatory on the part of the County Councils and County Boroughs to meet the demand for small holdings. The Act also extended the limit of the small holding to 50 acres; if it exceeded 50 acres, its rent was not to be more than £50. Where the Councils failed to carry out these obligations, the Ministry of Agriculture could take the initiative and administer the scheme through Small Holdings Commissioners who were appointed under this Act in the various counties to ascertain how far it was desirable or practicable to satisfy the demand. Before land could be acquired, the Council had to satisfy the Ministry of Agriculture that the aggregate rental after parcelling out the land would be sufficient to cover all interest and overhead charges. If, after the acquisition of the property, a loss was actually incurred, the Act empowered the Ministry of Agriculture to bear one half of the loss. The Ministry could also share in the expenses incurred by the Councils in connection with such acquisition of land. Between 1908 and 1918, the total area acquired under the Act was 183,877 acres on which over 13 thousand farms with an average size of 14 acres each were established.

The Land Settlement (Facilities) Act, 1919

In 1919, the Land Settlement (Facilities) Act placed the settlement scheme on a new basis by empowering County Councils and the Board of Agriculture to acquire land, either by sale or by lease, for the creation of small holdings in exchange for permanent annuities. The annuities could be redeemed by the Councils at any time, at a price to be settled by agreement or, failing such agreement, at the average price of Government securities yielding in annual interest an amount equal to one annuity. County Councils could borrow funds for this purpose from the Public Works Commission on terms to be laid down by the Treasury. In view of the abnormal rise in land values after the war, the County Councils were enabled to recover from the Ministry full compensation for loss reasonably and necessarily incurred in providing small holdings until March 1926, by which time land values were expected to come down to normal. The Act also created a Land Settlement Fund of £20 million from which advances were made to tenants at the current rate of interest. Under this Act, 254,520 acres were acquired by the Councils and Boroughs and over 16.5 thousand holdings with an average size of 16 acres each were created.

The Small Holdings and Allotments Act, 1926

The Small Holdings and Allotments Act of 1926, which replaced all the earlier acts, empowered the local bodies to provide holdings, with the approval of the Ministry, at a loss, the Ministry being liable to contribute

upto a maximum of 75 per cent. of the estimated annual loss. Besides supervising the work of local Councils, the national agency (i.e. the Small Holding Commissioners under the direction of the Minister of Agriculture) were required to find out where the demand for small holdings existed and, further, to undertake to provide them if local agencies failed to do so. Upto 1932, 30,814 acres were acquired under the Act and 1,274 holdings were established.

The Act of 1926 gave large powers of discretion to local Councils in selecting settlers from the list of applicants. Under the laws, applicants were required to fulfil three conditions viz. (i) they should have the desire to cultivate small holdings (ii) they should have the necessary knowledge to do so and (iii) they should be atleast 21 years of age. As a rule, the standard set by the local agencies as regards thrift, industry etc. are high and applications from persons who do not possess adequate capital are generally rejected. A holding must contain atleast 1 acre, and may not exceed 50 acres, or if over 50 acres, should not have annual rental value of over £100. Very often, the Council improves the holdings before selling them, through fencing, clearing, roadmaking, drainage and provision of water supply ; over 3,000 holdings were provided with dwellings.

Subsidies

The small holding movement was further encouraged by granting subsidies (as well as loans) to co-operative small holdings societies. For 15 years since 1909, the Agricultural Organisation Society was given annual grants for work in connexion with the organisation of small holdings societies and similar activities. The Land Settlement Association which was established in 1934 was also assisted with funds for the establishment of small holdings for farm families without land.

Payment of Price

The conditions of payment of price by the purchasers of small holdings have been favourably revised from time to time. From 1892 to 1919, the purchasers were required to pay one-fifth of the price in advance. During the twenties, this condition was replaced by a demand that the purchaser must pay down an amount equal to one half-yearly payment. The balance was to be secured by a mortgage on the holding and repaid in half-yearly instalments covering a period of 60 years. (Originally, this period was 50 years). The annual rate of interest varied from $3\frac{1}{8}$ to $6\frac{1}{2}$ per cent. till the 'twenties ; in 1933, it was $3\frac{1}{2}$ per cent. per annum. The purchaser was allowed to postpone the beginning of payment both of interest and instalment of principal, upto 5 years, provided he utilised the amount to increase the value of his land. Under this programme, preference has been generally given to renting rather than purchasing

holdings. Upto April 1934, less than 3 per cent. of the holdings provided were purchased ; over 29 thousand holdings were rented.²

Regulation of Rights in Land

Purchasers as well as tenants benefiting by the Small Holdings and Allotments Act have their rights in the holdings restricted for 40 years (upto 1926, it was 20 years) or until the holding is completely paid for. Sale, assignment, leasing and sub-leasing of these holdings are prohibited during this period. The holding has to be cultivated only by the holder or his family. Construction of dwellings on the holdings is allowed only with the consent of the local Council. In the case of death of a small-holder while subject to these restrictions, the Council can require the holding to be sold to a single purchaser to prevent it from being divided. Even where ownership has been acquired in full, the small holder cannot use his holding for any other purpose than agriculture ; if he cannot put it into cultivation, he is required to offer it for sale to the Council, to the former owner, or to his neighbours.

Size of Holdings

These enactments have, in a period of three decades, established over 40 thousand small-holdings. The following table shows the distribution of holdings according to size in England.³

| Size of holding | 1921 | | | | 1933 | | | |
|-----------------|---------|-------|-----------------|-------|---------|-------|-----------------|-------|
| | Number | % | Area (hectares) | % | Number | % | Area (hectares) | % |
| 0.4 to 2 ha. | 81,217 | 19.3 | 102,000 | 1.0 | 72,984 | 18.4 | 091,718 | 0.9 |
| 2 " 8 " | 116,159 | 27.7 | 530,000 | 5.0 | 103,975 | 26.3 | 477,683 | 4.7 |
| 8 " 20 " | 80,967 | 19.3 | 1,101,000 | 10.4 | 77,970 | 19.7 | 1,069,251 | 10.4 |
| 20 " 40 " | 61,001 | 14.5 | 1,798,000 | 17.0 | 61,703 | 15.6 | 1,815,599 | 17.7 |
| 40 " 60 " | 32,020 | 7.6 | 1,601,000 | 15.1 | 31,998 | 8.1 | 1,586,050 | 15.4 |
| 60 " 120 " | 35,822 | 8.5 | 3,025,000 | 28.6 | 34,957 | 8.8 | 2,955,960 | 28.8 |
| Over 120 ha. | 12,947 | 3.1 | 2,423,000 | 22.9 | 12,236 | 3.1 | 2,274,949 | 22.1 |
| Total .. | 420,133 | 100.0 | 10,580,000 | 100.0 | 395,823 | 100.0 | 10,271,215 | 100.0 |

It would be difficult to indicate the benefits of the small holdings legislation from the above figures for the reason that a general decline in the cultivated area during the decade 1921 to 1931 and the efforts to consolidate unduly small holdings have, together, brought down the number of all holdings below 20 ha. The only noticeable increase is in the case of 20 to 40 ha. group which shows an improvement both in number of

² Report of the President's Committee on Farm Tenancy, U.S.A. (1937) p. 81.

³ The Land Tenure Systems in Europe (League of Nations) Document No. 2. p. 13.

holdings and in the area covered by them. Nevertheless, it may be noticed that 64 per cent. of the holdings are below 20 ha. though the area they cover is hardly one-sixth of the total.

Great Britain—a Land of Capitalist Farming

The dominant type of holding, therefore, still remains the large farm of over 50 ha. which accounts for more than half the cultivated area. The limit of small holdings as defined by the British law itself is apt to be questioned even in the Continental countries. This is so because Great Britain, as is well known, is predominantly a country of capitalist landlords and large estates. It would not be wrong to say that this concentration of property is not looked down upon in Great Britain as is the case on the Continent. For one thing, the British landlord, unlike his compeer elsewhere, has rendered valuable service to his country at the time of the Industrial Revolution by investing capital in drainage and land reclamation and by thus making it possible for the food supply to keep pace with the increase in population. Even to-day, British agriculture is marked out by this characteristic of enlightened landlordism. Secondly, small scale farming does not find favour with the farming community itself due to the fact that the British agriculturist produces not for himself and his family but depends more on selling his produce; small scale farming is not suitable to commercial agriculture. Thirdly, the various outlets for investment in and outside Great Britain which are more profitable than agriculture considerably reduce the interest of the British public in farming as a business proposition. It is for these reasons that few of those who have studied the conditions in peasant countries have considered it necessary to advocate a similar system in Great Britain; nor is there any keen agitation among the agriculturists themselves for ownership, two-thirds of the land still remaining under the landlord-tenant system. As Mr. Orwin points out, "There is not, and never has been in England, any manifestation of a land hunger expressed by the desire of ownership. The tenancy system which threw upon the landlord the task of equipping and maintaining the holding in return, not for a fixed sum payable by way of interest in the form of rent, but for a sum which could be adjusted, from time to time, according to the profitableness of farming, has proved it to be so much to the interest of the tenant class of farmers in this country that the 'magic of ownership' is no magic to them."⁴

TENANCY

The system of capitalist farming worked smoothly in England until the agricultural depression of the 'eighties and 'nineties of the last century. This depression shook the landlord's confidence in agricultural land as a

⁴ G. S. Orwin. *Land Tenures in England*. Proceedings of the First International Conference of Agricultural Economists. pp. 8-9.

profitable investment, and as a consequence, disturbed the system of farming. Instances of arbitrary action of owners giving quit notices to tenants, of refusal to renew leases etc., led to insistent demand for State intervention. As a result, the above mentioned Acts along with others tried to define the rights and status of tenants so as to build a healthy contractual relationship between them and the landlords.

Tenancy Legislation

Prior to this new legislation, there were already two laws in force safeguarding the interests of the tenant. An Act of 1851 had given him the right to remove from the farm certain buildings and fixtures which he had erected for agricultural use, provided that he had received the written consent of the landlord before constructing them and had given the landlord one month's notice of his intention to remove them; during this time, the landlord could purchase such of the buildings or fixtures as he wanted. The other measure was the Agricultural Holdings Act of 1875 which entitled the outgoing tenant to claim compensation for improvements effected by him. The compensation was determined on the basis of the cost of improvement from which a proportionate amount was deducted for each year expired since the improvement was effected. The improvements were classified, for this purpose, into (a) Permanent improvements, such as buildings and dairnage, which were to be fully depreciated within 20 years, (b) semi-permanent improvements, such as chalking and liming of soil, which were to be depreciated over a period of 7 years, and (c) temporary improvements, such as manures and artificial fertilizers, whose duration was presumed to be 2 years. One main drawback of the Act was that, being permissive, it was not very helpful to the tenants who could be contracted out of its provisions by the landlord.

It was the Act of 1883 which laid down in compulsory form most of the general principles forming the bases of the present status of the British tenants. This Act contained three important provisions. Firstly, it provided that the outgoing tenant was entitled to compensation, even if he had accepted conditions to the contrary in his contract. Compensation then being guaranteed, the tenant had no need to bargain with his landlord in respect of making improvements in the land. Secondly, it changed the basis of compensation from 'cost less depreciation' to the 'actual value of the improvement to an incoming tenant'; this provision was in the interest both of the incoming tenant and the landlord since in the latter case, they would be called upon to pay for the actual balance of the improvement effected by the outgoing tenant. Thirdly, the Act provided for arbitration in case the landlord and the tenant could not come to agreement as to the amount of compensation. For this purpose, the two could agree upon a single referee or each could select his own referee and the two persons so selected could choose an umpire; in the latter case, all the three together decided about the compensation to be paid. In both

the cases, the decision was binding upon the landlord as well as the tenant.

This Act of 1883 was so broad based that only a few significant changes there-in have been introduced since that time. An important provision subsequently included in the Act was that of 1906 which gave, under specific circumstances, the right to the tenants to claim statutory compensation for 'disturbance' when his lease was unreasonably terminated and the right to follow, under certain conditions, any system of farming he considered most profitable to him. The compensation in the former case amounts to one year's rent, which may be raised upto two if the tenant can prove that he suffers greater loss due to the eviction.⁵

The next important measure passed in this direction was an Act of 1920 according to which the tenant could quit the farm and claim compensation as if he had been evicted, in case the landlord refused to determine by arbitration the amount of rent to be paid by him. This provision, though not providing compulsory arbitration, has proved an equally effective method of keeping rents at an equitable level.⁶ With a view to encouraging improved methods of farming, the Act also provided that if a tenant proves that he has generally enhanced the value of the farm by following agricultural technique superior to the one customary in his community, he should receive compensation for the improvement.

In 1923, the various provisions of the above laws governing the relationship between the landlord and the tenant were brought together and consolidated into an Agricultural Holdings Act. Since that time, the law remains unchanged except for a few amendments; of these, one regarding the tenant's claim for compensation for improvements and the other relating to the landlord's claim for compensation for deterioration or waste in his farm are noteworthy. The tenant's claim for compensation was made valid only in cases where the tenancy had terminated and he had quit the farm. The compensation, however, was to be paid under certain circumstances, even where the landlord terminated the tenancy at the expiration of the lease. This provision was not designed to diminish the landlord's right to terminate the tenancy at the expiration of the term but to make the tenant more stable in his tenure on the farm, to relieve him of the feeling of insecurity and to protect him from any loss in case he was unreasonably evicted. The other important amendment recognised the right of the landlord to claim compensation from the tenant for any loss in the value of the farm caused by the tenant's negligence, inefficiency or inability to cultivate it according to the terms of the contract of tenancy.

5 A. W. Ashby. *Land Tenure and the Development of Agriculture*. Proceedings of the 4th International Conference of Agricultural Economists. (1936) p. 96.
6 Report on Farm Tenancy (U.S.A.) page 73.

A Contented Tenantry

The tenancy system of England is thus free from the two main evils generally associated with it elsewhere, viz., insecurity of tenure and rack-renting. In 1941, the existing law which required the landlord to give atleast 12 months' notice to quit to the tenant was revised so as to restrict the rights of a new purchaser of land to drive out the tenant of the previous landlord. Such notices, expiring after the end of 1941, were declared null and void, unless issued with the consent of the Minister of Agriculture. This measure gave further protection to the tenant against insecurity arising out of land speculation and sudden transfers of ownership taking place in times of war.⁷ The tenant is equally free from being rackrented, thanks to the comprehensive tenancy laws, explicit written leases and relatively long term of occupancy; where differences arise, they are settled before an arbiter. In fact, rents in the great estates are well below the economic level and this may be attributed to the spirit of *noblesse oblige* in proprietors who do not chiefly depend on agricultural rents and to the social conventions impelling the landlord to avoid unpopularity in the country-side no less than to his lack of personal interest in farming.⁸

Thus, legislation together with practice and custom relating to agricultural tenancies regulates the relations between the landlord and the tenant, with a leaning in favour of the latter. "The British system of tenancy seems to provide everything necessary to agricultural and social stability".⁹ It is a unique fact about which British agriculture might well be proud that, unlike in many other countries, there is practically no social distinction between owners and tenants as such. Wealth and income decide social standing whatever the form of one and the source of the other. Much also depends on education and social habits of the individual.¹⁰

Owner Cultivation on the Increase

Though the small holdings movement has had only a limited success in Great Britain, there has been an increasing trend towards ownership of land passing into the hand of the actual cultivators. The proportion of land worked directly by the owner has risen in England from 10.6 per cent. in 1913 to 20 per cent. in 1921 and to 36 per cent. of the total agricultural area in 1927. Between 1913 and 1927 alone, 5 million acres were purchased by tenants.¹¹ The ability of the tenants to become owners of the land they cultivate on lease is a proof of the efficacy of the legislative safeguards which have made possible their economic betterment.

⁷ Food Control in Great Britain (1942). International Labour Office, p. 36.

⁸ Daniel Hall. Reconstruction and the Land, p. 26.

⁹ A. W. Ashby. Proceedings of the 4th International Conference of Agricultural Economists, p. 99.

¹⁰ Ibid. page 100.

¹¹ Land Tenure Systems in Europe. League of Nations, p. 14.

Inheritance

Under the English law of primogeniture, the whole landed estate passes to the eldest son without any compensation being paid to other heirs, as only movable property is divisible. At least, two-thirds of the larger estates in England and Wales are kept undivided by the landed aristocracy also by family arrangements or entails or by adhering to the law of primogeniture.¹² As a result of these systems of devolution of property, the problem of subdivision and fragmentation has never raised its head in this country.

From "Conservative" to "Constructive" Agricultural Policy

Thus England, a country of capitalist farming and one which may be ranked among the most conservative countries of Europe from the view point of land reforms, has taken sufficient safeguards against exploitation of the tenantry by the landlord and adopted a number of measures to ensure agricultural progress, even though agriculture is relatively a less important branch of the country's economy. The recent war which seriously threatened the food supply of Great Britain has led to the formulation of a more progressive agricultural policy for the utilization of the land resources to the best advantage.¹³ In 1939, the Minister of Agriculture was given wide powers of control over agriculture. He was empowered to prevent agricultural land from being used for purposes other than agriculture, to regulate the cultivation, management and use of agricultural land, and to proceed to terminate tenancy and if necessary to take possession of the land which was not cultivated in accordance with his orders or with the rules of good husbandry. The administration of this policy was decentralised by creating Agricultural Executive Committees in the counties which, in turn, worked through a large number of District Committees. The Agricultural Executive Committee had also similar powers to take possession of badly farmed and derelict land and to give it on lease to suitable tenants or to farm it themselves. In 1941, the Government was empowered to acquire ownership of areas taken over by the Agricultural Executive Committee with a view to making long leases to tenants to cultivate the land.

Though these measures were adopted under the emergency of war, the fact remains that Great Britain has finally accepted the principle of interference with the land system of the country for better land utilization. Recently the Uthwatt Committee on Compensation and Betterment, though primarily concerned with town and country planning after the war, also endorsed the view¹⁴ that for the purposes of post-war reconstruction, the requirements of agriculture should also be the subject of the

¹² Land Tenure Systems in Europe. p. 14.

¹³ Food Control in Great Britain (1942). International Labour Office. pp. 15-16. and 37.

¹⁴ Report pages 2, 7-8.

State direction and control and that these might call for considerable changes in the land system of the country.

2 FRANCE

Introductory

Of the 55 million hectares of national territory of France, 23 million hectares is cultivated and 12 million hectares under permanent meadow and pasture. About 46 per cent. of the cultivated area is under cereals and 25 per cent. under fodder crops other than cereals. Agriculture occupies a more important place in the national economy of France than in that of England as, despite a steady decline in the dependents on agriculture since the beginning of this century, the agricultural population constituted as much as 35 per cent. of the total population in 1931. But the density of the agricultural population is only twice, in fact slightly less, than that in England.

Establishment of Family Properties

France is essentially a country of small and medium sized farms. Nearly three-fourths of the agricultural holdings are under 10 hectares and represent over one-fifth of the total area. Medium sized holdings between 10 to 100 hectares constitute nearly a quarter of the total number, about 62 per cent. of the total area being accounted for by these undertakings. Large estates, almost of the English type, cover 16 per cent. of the area but they number less than 1 per cent. of the total number of holdings. The major problem which faced the country was not of settling people on land but that of increasing the size of holdings which were excessively small. Nor was the problem of improving the conditions of tenancy so imminent, owing to the predominance of owner cultivated farms. Moreover, there was a tendency among the agriculturists themselves to acquire ownership and the State took certain measures to protect them against losing their properties and to encourage them to settle on land. Three laws were passed during the years 1906-1909 which enabled the landowner to protect his property against attachment or division by making a declaration to the judicial authorities that it was a "family property". These measures restricted agricultural credit as they made it impossible for the creditors to seize the properties for default of repayment; but they had the desired effect of prohibiting pledging of land for credit by the successors and keeping the property undivided. In 1933, the maximum value of properties which could be declared as "family properties" was raised so as to enable a large number of holders to avail of the legal protection.

Land Settlement

Though constituting new undertakings was not a major plank in the

land reforms of France, land settlement was encouraged by the Government by undertaking reclamation and drainage work. Reclamation of unhealthy areas was actively pursued even during the last century. Drainage work, on the other hand, has made headway mainly during the last fifty years. The Rural Engineering Service assisted in various ways in this reclamation and drainage work, as a result of which nearly a million hectares of damp land have been developed. After the First World War, two important measures were adopted to give direct encouragement to settlement on land. In 1920, the *Caisse Nationale de Credit Agricole* was instituted to make long-term advances upto 60,000 francs for acquisition, improvement, transformation and establishment of small rural holdings. During the period between the two wars, nearly 80,000 families availed of this State assistance. Again, in 1938, a law was passed instituting a system of endowment with lands in the country-side for wage-earners on their retirement so as to settle them on small rural properties in their old age. They were to pay annual contributions varying from 100 to 1000 francs which were capitalised by the *Caisse Nationale de Credit Agricole* and by the Government at rates graded from 7 per cent. to 10 per cent. Contributors were entitled to rebates varying from 25 to 50 per cent. under certain circumstances, these rebates being at the charge of the State.

These measures highly encouraged settlement on land and helped retention of ownership and acquisition of properties, as a result of which the distribution of land showed an increasing trend towards direct working of holdings by the owners. The table below indicates that with the increase in direct working, there has been a corresponding decline both in tenant farming and in *metayage*.

| | | Percentage of number of undertakings | | Percentage of area cultivated | |
|----------------|-----|---|------|----------------------------------|------|
| | | 1892 | 1929 | 1892 | 1929 |
| | | | | | |
| Direct Working | ... | 70 | 75 | 53.5 | 60 |
| Tenant Farming | ... | 23 | 20 | 36.0 | 30 |
| Metayage | ... | 7 | 5 | 10.5 | 10 |

Tenancy

In France, tenant farming is not so unpopular among the agriculturists as much as *metayage* owing to the fact that the rent in the majority of contracts is not always a sum of money fixed for the duration of the lease, but is determined by the current money value of a fixed quantity of wheat or other produce, the risk involved in the fluctuation of agricultural prices thus being shared both by the landowner and the tenant. *Metayage*, which is correlated inversely with agricultural prosperity, is declining as

a result partly of State measures for agricultural improvement and development of credit and partly of the operation of social factors such as absentee landlordism and fall in the birth-rate among peasant families.

Consolidation of Holdings

As already said above, the fundamental problem of French agriculture was the sub-division of farms which kept down the efficiency of agriculture by nearly 30 per cent. This splitting up of property is not due solely to the provisions of the Code Napoleon under which the property can be divided up equally among heirs, as excessively small holdings were a feature of French agriculture even during the middle ages. Re-striping of lands was started by private individuals as far back as 1859 but the opposition of the minority and the wavering attitude of others proved obstacles to remove which some legal sanction authorising such work was felt necessary. The laws of 1865 and 1885, therefore, established two kinds of associations, free and authorised. The free association was formed with the unanimous consent of all the persons interested while the authorised association could be formed on the basis of mere majority varying according to whether the proposed works were of the nature of soil conservation or land improvement; it could, however, compel the recalcitrant individuals to undertake works for which the association was created. But the object of restriping holdings was kept outside the direct orbit of the law, and, consequently, progress in this direction was slow. Between 1863 and 1913, only 4,516 plots were consolidated.

An important step to legalise this work of restriping holdings was taken in 1918. Under this law, each land-owner was assured an area proportionately equal in extent and quality to that which he parted with. The difference in the value of old and new land could in certain cases be paid in cash. Encumbrances on old holdings were to be transferred to new holdings obtained in exchange thereof. A committee consisting of departmental directors of direct taxation, registration, agricultural service, a notary of the canton nominated by the Prefect, and four land-owners elected by secret ballot (a certain number of whom were non-residents of the commune where the consolidation was to take place) settled disputes; the Justice of the Peace was the President of the Committee. The work of restriping holdings was to be undertaken by a Syndical Association regularly constituted for that purpose. Conflicting claims or protests from any parties were not allowed to suspend the scheme; the Committee, however, could take decisions on these protests for the benefit of the Syndicate and the expert directing the redistribution work. The next important measure was adopted in 1935 which replaced the Act of 1918. This Act based the exchange of parcels on the productive value of the land as distinct from its sale value; thus the owner of a well-kept land could not be given a plot of waste land in exchange for it. Disputes were to be settled by a committee of landowners not residents in the commune where

the consolidation work was to be carried out. The State was to contribute 80 per cent. of the cost of consolidation. This has facilitated consolidation operations in some 600 communes affecting an area of 300,000 hectares.

Size of Holdings

The above discussed measures relating both to establishment of new undertakings and to consolidation of holdings have had healthy effects on French agriculture as may be seen from the following figures of distribution of holdings according to size.

| Size of holding | 1892 | | | | 1929 | | | |
|------------------|-----------|-------|------------------------|-------|-----------|-------|------------------------|-------|
| | Number | % | Total area in hectares | % | Number | % | Total area in hectares | % |
| Under 1 ha. ... | 2,235,405 | 39.2 | 1,327,300 | 2.9 | 1,014,731 | 25.6 | 724,908 | 1.5 |
| from 1 to 10 ha. | 2,617,538 | 45.9 | 11,244,700 | 24.1 | 1,863,867 | 47.0 | 9,556,284 | 20.7 |
| „ 10 to 50 „ | * 717,118 | 12.5 | 14,313,400 | 30.0 | 973,520 | 24.5 | 22,437,770 | 48.6 |
| „ 50 to 100 „ | 105,391 | 2.4 | 22,493,400 | 43.0 | 81,844 | 2.1 | 6,126,880 | 13.3 |
| Over 100 ha. | 33,280 | | | | 32,468 | 0.8 | 7,359,477 | 15.9 |
| Total ... | 5,702,732 | 100.0 | 49,378,800 | 100.0 | 3,966,430 | 100.0 | 46,205,319 | 100.0 |

* From 10 to 40 hectares.

The table above shows that between 1892 and 1929, the number of excessively small holdings (i.e. below 1 hectare) decreased from 2.2 million to 1 million; the area they covered also declined to nearly half during this period. Holdings between 1 and 10 hectares also fell in number and covered less area than before. On the other hand, holdings above 50 hectares lost much of their former importance, the proportion of the area they covered to total area having fallen from 43 to 29 per cent. The net result of these two trends is seen in the area covered by holdings between 10 and 50 hectares which gained nearly 19 per cent. of the total area during this period.

Law of Succession

The problem of excessively small holdings was also tackled from the other angle viz., the law of succession. The Civil Code which allowed each heir to claim equal share in the property was modified in 1938 by a decree whereby an agricultural undertaking of less than 200,000 francs in value could be declared indivisible, subject to certain specified conditions, upto a period not exceeding 5 years. This declaration can be renewed until the

death of the surviving claimant or until the youngest heir comes to age. Where co-heirs avoid parcelling of property, the Decree gives certain exemptions from taxation. With a view to discouraging transfers of property and to aiding whichever of the heirs continues the working of the undertaking, a Decree of 1939 provides for reduction by a half of the taxes for which he is personally liable, provided that the value of the succession does not exceed 200,000 francs. These amendments to the law of succession are expected to encourage the heirs to come to an agreement to prevent division of property.

3 GERMANY

Introductory

The natural conditions of Germany are unfavourable to agricultural production when compared to those in other countries of Western and Southern Europe. Nearly 27 per cent. of the surface of the country is covered with forests, the entire South and most of the South-west of the country being of hilly or mountainous character. The soil is extremely varying and on the whole poor in quality. In some parts of the country, the utilization of land is limited by climatic factors. Out of the total land area of 47 million hectares, 20.2 million hectares or 43 per cent. of the total is cultivated. As much as 56 per cent. of the cultivated area is under cereals as against only 19 per cent. under fodder crops other than cereals; the comparatively low proportion of the area under fodder crops despite a high density of cattle—71 per 100 hectares of cultivated area, meadow and pasture or a little over three-fourths of that of Denmark—is due to the country's reliance on imported feeds and industrial by-products for feeding the cattle.

The German land system stands in between the systems in England and France. Eastern Germany is a region of large estates, while in western Germany small holdings predominate. In general, the unit of operation, as in France, is small but the evil of sub-division is checked by legislation as in England. The farms are mostly cultivated by the owner himself, nearly nine-tenths of the cultivated land being the private property of the farmers.

Tenancy Reform

Agrarian reform in Germany dates back to the thirteenth and fourteenth centuries.¹⁵ The most modern phase of this policy began in the latter part of the 19th century when attention was directed to the abolition of feudalism and several systems of servitude and to endow the farmers with free ownership of land and economic freedom. Three outstanding laws were passed in 1850 towards this end, the objectives of these measures

¹⁵ Report of the President's Committee on Farm Tenancy in U.S.A. Section III. p.82.

being (i) abolition of villanage and other feudal tenures, (ii) substitution of free ownership of peasant farmers and (iii) removal of all charges imposed by the feudal forms of tenure. At the same time, land settlement was being encouraged primarily with a view to facilitating increase of population which had fallen low as a result of wars. This policy was reinforced by more definite measures by Bismark at the end of the 19th century to put a check to the exodus of labourers from certain provinces. An enactment of 1886 indicated the main lines for an organisation for this purpose, appointed a State Settlement Commission and provided for financing the settlement schemes. In 1890-91, land settlement was extended to all provinces. Again, while the act of 1886 provided for the reclamation of wasteland for the benefit of farm labourers, that of 1891 made possible the formation of small and medium sized holdings for the landless classes. Under these acts, land could be granted in three ways (i) on lease (ii) as freehold against cash payment and (iii) as renthold against payment of a fixed rent charge. The last method was popularly availed of by the agriculturists as it offered to them the advantages of tenancy as well as of ownership. At the same time, the legislation contained special provisions to ensure efficient cultivation and State control over the holding. As a result of these measures, nearly 600,000 hectares, out of over a million hectares enclosed by big landowners between 1800 and 1860, were reconstituted into 44,000 small holdings by 1914. Progress, however, was slow as there was a steady increase in the area of entailed estates, and more land was thus closed for settlement than was made available to the settlers.

Land Settlement

After World War I, Germany pursued the policy of land settlement more vigorously with a view to establishing balance between agriculture and industry. The Land Settlement Act of 1919 outlined the principles for the acquisition of land and for the organisation of settlement. With a view to making the farmer self-sufficient, the Act provided both for establishing new undertakings and for enlarging un-economic holdings. In addition to purchase of land in the open market, the Act laid down the following four ways in which lands could be acquired for these purposes :

- (1) State lands on the expiry of their lease could be put at the disposal of the Land Acquisition Associations which are public companies set up by the several provinces or districts. The price was to be based on the net annual yield of the land.

- (2) Marshy and waste land could be appropriated at a price based on net annual yields unless the owner undertook to put such an area under cultivation within a specified time.

- (3) The settlement associations were given the right of pre-emption on farms of 25 hectares and over or on parts of such farms situated within their district.

(4) Estates in specified areas could be expropriated against compensation.

In certain districts, where, in 1907, estates of 100 hectares and over covered more than 10 per cent. of the cultivated area, the owners were required to form unions, each union being required to supply a third of the area cultivated by the members in 1907 to the settlement companies, or to reduce the total cultivated area of such estates to 10 per cent. of the total available land in the district.

Land Acquisition Policy

The bulk of the capital of the Land Acquisition Associations was held by the provincial governments and other public bodies. Dividends were limited to 5 per cent. and the State's share, together with any profit, was re-invested in the company. Settlers who were unable to pay cash for the land were enabled to obtain holdings in the form of Rentengent, i.e. against payment of a fixed annuity. Long-term credit for this purpose was also made available through the Prussian Land Renten Bank which was established in 1927. In 1931, the land renten banks were empowered to issue annuity bonds, to float loans and to help organisations raising loans for land settlement. Loans raised against the annuity bonds went up in practice to 90 per cent. of the mortgage value, as these bonds were secured by a first charge on the settlers' holdings and were also backed by State guarantee. The loans were redeemable in 69.2/3 years by means of a yearly payment of 5 per cent. for interest and amortisation.

The administration of the settlement programme was carried out both by public and private agencies; the latter, however, were subject to public control. The stock in these companies was owned by local, State, and Federal units of Government, as also by individuals. The activities of these agencies were closely regulated by the Government.

Size of Holding

Under the above measures, over a million hectares were opened for settlement between 1919 and 1933. About 77 per cent. of this land came from large private estates of more than 100 hectares, 10.4 per cent. from estates less than 100 hectares, 9 per cent. from public bodies and 3.6 per cent. from marshy and waste land reclaimed. As a result, 62,371 new undertakings were established and 104,621 existing undertakings were enlarged. This settlement policy was characterised by a tendency towards establishing fewer small holdings and a larger number of farms between 10 and 20 ha. which were considered to be most suitable for a peasant family. Thus during the years 1919-26, nearly half the newly settled holdings were below 2 ha. where as in 1931, these formed only 15 per cent. of the total; during the same period, new undertakings over 10 ha. rose from one-third to over one-half of the total established. On the whole, between

1882, when land settlement first began, and 1933, medium sized undertakings increased in number by over 225,000 while the number of large ones fell by nearly 4,500. The change in the proportion of land in each size group during this period is shown in the following table.¹⁶

| Size Group | 1882 | 1895 | 1905 | 1925 | 1933 17 |
|-------------|------|------|------|------|---------|
| | % | % | % | % | % |
| Under 2 ha. | 5.8 | 5.6 | 5.5 | 6.3 | 3.7 |
| 2- 5 | 10.0 | 10.1 | 10.8 | 11.4 | 10.3 |
| 5- 10 | 12.2 | 13.0 | 14.9 | 16.3 | } 36.4 |
| 10- 20 | 16.5 | 16.9 | 18.5 | 19.5 | |
| 20- 50 | 22.5 | 21.9 | 22.0 | 19.8 | } 29.4 |
| 50-100 | 8.6 | 8.5 | 7.8 | 6.6 | |
| 100-100 | 4.8 | 4.7 | 4.5 | 4.8 | } 18.2 |
| Over 200 | 19.6 | 19.3 | 16.0 | 15.3 | |

In all the five censuses of this period, farms in the size groups of 5-10 and 10-20 ha. show a steady increase, the total gain amounting to 9 per cent. of the whole farm land ; at the same time, large farms of 20-50 and 50-100 ha. gradually lost land to the total extent of 3 per cent. Large farms over 200 ha. lost even more—nearly 6 per cent. Between 1933 and 1937, about 19 thousand more holdings were established in pursuance of this settlement policy. With a view to preserving these peasant undertakings against speculation in lands and against transfer to unsuitable persons, the right of the settlers to sub-divide, mortgage and sell their holdings was restricted during the purchase period and the acquisitioning associations were authorised to repurchase the holding in case the settler did not work upon the whole or part of his property.

Consolidation of Holdings

Restripping of holdings in Germany, as in France, was undertaken even in the 16th century but the results were not encouraging as the efforts were made by private individuals without any assistance to compel the unwilling minority to submit to the decision of the majority. Legislative measures providing this assistance were passed in different provinces of Germany during the 19th century, under which any scheme or restripping supported by two-thirds of the owners was made binding upon the rest of the land-owing community. Generally, this work was entrusted to a body called General Commissioners, comprising 5 members, a majority of whom were required to be magistrates while the rest were to be technically qualified for the execution of the scheme. On receiving an application for res-

16 E. Lang: Proceedings of the 4th International Conference of Agricultural Economists (1936) p. 255.

17 Land Tenure Systems in Europe. p. 24.

triping, the General Commission appointed a Commissary who convened a meeting of all parties and decided whether restriping of holdings was a necessity. If the application was accepted, the General Commission disposed of disputed points regarding rights, encumbrances, etc., in respect of holdings to be exchanged. The Commissary appointed a land surveyor who prepared a map of the area, and two farmers who were not interested parties, to classify the soil. Thereafter, a plan for restriping was drawn up. The expenses were, in the early years of the reform, shared by the farmers in proportion to the value of their claims but, in 1875, a flat rate—generally 12 marks per ha. of land divided or transferred—was fixed for this purpose. As these two provisions varied from province to province, two laws were passed in 1936-37 which took the place of nearly 50 older legislative measures and made the law uniform throughout the country.

The distribution of undertakings according to size in 1933 was as follows :—

| Size | Number of undertakings | Percentage of total |
|-----------------|------------------------|---------------------|
| Under 2 ha. | 945,666 | 30.7 |
| From 2 to 5 ha. | 831,417 | 27.0 |
| „ 5 to 20 ha. | 1,046,954 | 34.1 |
| „ 20 to 100 ha. | 231,013 | 7.5 |
| Over 100 ha. | 18,404 | 0.7 |
| Total | 3,075,454 | 100.0 |

Law of Inheritance; "Freeholds"

Along with the above measures for land settlement and consolidation, important laws were passed to encourage the preservation of economic holdings. Two of these laws sought to prevent division of property through inheritance while the third aimed at breaking up unduly large estates. A law of 1896 introduced the principles of primogeniture into the system of succession and entitled the co-heirs to be compensated in bonds issued by the Renten Bank on the security of a mortgage on the land; this law, however, was permissive in character. The other important step in this direction was the enactment of land-inheritance law in 1933. Under this law, all agricultural properties which were large enough to support a peasant family were made eligible to become "inherited free-holds".¹⁸ The object of this law was to help the owner in perpetuating the family-size holding in the hands of a qualified member of his descendants. These holdings were required generally to be not less than 18 acres and not more than 125 acres in size, though the actual limits varied from region to region. Once

¹⁸ Holt. John Bradshaw, *German Agricultural Policy 1918-34*. p. 207-8. Quoted in President's Committee Report on Farm Tenancy. p. 82.

a holding was declared freehold, it could not be divided but had to be bequeathed generally according to primogeniture inheritance rights. The bequeather had to give a list of "next-in-line". The sons and daughters who did not share in the property were entitled to vocational education and dowry upon marriage respectively; they could, however, return to the farm in case they failed to get any other means of support. In either case, the claims of the other heirs were to be decided according to the producing capacity of the holding and in such a way that the burden on the successor to the estate was not more than what the farm was capable of bearing. In case the farm was managed badly, it was passed on to the "next-in-line".

The law included several other provisions to prevent the freehold from being lost by the proprietor. Neither the farm nor its insurance could be offered as security for loans; the freeholder, however, could borrow on the security of his personal credit and on that of farm equipment not used in the ordinary process of cultivation. Only in the case of demands by public institutions were claims against farm produce allowed. He was, however, exempted from inheritance tax and real estate acquisition tax. All disputes relating to such free-holds were to be arbitrated by special local courts and a Reich Court called Inherited Freehold Court.

This legislation brought into existence an entirely new system of land tenure in which family holdings were prevented from being lost by their owners or their descendants. About a million farm units covering nearly 54 per cent. of the agricultural land in Germany, it was estimated, fulfilled the conditions of independent family-size farms. By 1939, about 700,000 of these holdings had availed of the law and become hereditary peasant holdings.¹⁹

With a view to bringing more area under the inherited freehold law, the system of entails in the case of large estates was abolished in 1938. As a result, nearly 900 estate properties which were till then governed by special successional conditions lost their right of being bequeathed undivided. This measure was designed not only to remove the evil of concentration of landed property but also to encourage the growth of indivisible family holdings as these estates, when parcelled out, were eligible to be declared inherited freeholds, provided the required conditions were complied with.

From "Large Estates" to "Peasant Farms"

Germany has, with the help of these measures, brought a gradual shift from large estates and big farms to typical peasant farms. The peasants have also been encouraged to maintain them in tact and provided with facilities to prevent these farms from being broken up. Between 1907 and 1933, direct exploitation was extended by over 5 points to 87.7 per cent.

¹⁹ Land Tenures in Europe—L. of N. p. 23.

of the total area by effecting a corresponding decrease in the area under tenant farming. With this high proportion of area under direct cultivation by the owner, Germany has been able to absorb rapidly the benefits of science, technology and engineering and thus, by the middle of the thirties, almost doubled her per capita agricultural production in a period of 50 years, despite the various disabilities imposed on the nation by the Treaty of Versailles.²⁰

4 ITALY

Introductory

Italy, like Germany, has extensive hilly tracts, four-fifths of the surface being mountainous and only one-fifth plain. Nevertheless, out of the total land area of 31 million ha. 15.3 million ha. or 49 per cent. of the total is arable land and 13.3 million ha. consists of meadows, pasture lands, woods and uncultivated agricultural land. Of the area under cultivation, 45 per cent. is under cereals and 16 per cent. under fodder crops other than cereals. About 8.8 million or 47.7 per cent. of the working population is occupied in agriculture. Compared to most of the countries in Europe, Italy is not well advanced in dairy industry; the number of livestock is only 34 per 100 ha. of cultivated area, permanent meadow and pasture. Cultivation, however, is highly intensive, both because there has been heavy investment in drainage and irrigation works and because the practice of diligent cultivation has been passed on from generation to generation by men who had to struggle strenuously against extraordinary climatic difficulties.

Land Settlement

Till almost the coming of the Fascist party into power, the State evinced little interest in reforming agriculture. Nevertheless, there took place a considerable change in the land system in the country even before the outbreak of World War I. Two old laws were responsible for this transformation. A law passed at the end of the 18th century abolished feudal rights and divided the land between the communities and the barons. The other law passed in 1860 secularised ecclesiastical estates. Thus both these laws threw open land for common use to the benefit of small farmers. The principal factor which helped the establishment of peasant holdings at this time was the marked development of Italian emigration, particularly to the United States. These emigrants sent back a considerable amount of their savings which was mostly invested in agriculture.

The First World War helped in many ways to expedite this process of transfer of landed property to small farmers. The peasant who had staked

²⁰ Konrad Meyer. Proceedings of the 5th International Conference of Agricultural Economists (1938). p. 56.

his all in the War had become conscious of his services to the country, and now asked for consideration of his demands. The peasants' revolution in Russia, the popular slogan "land for peasants" and the agrarian reforms in the neighbouring countries led to the organisation of a peasants' movement in Italy, which threatened to take a dangerous turn as its aim was to seize all land that was, in their opinion, uncultivated—whether, it belonged to the State or to a private estate owner. The Government finding the movement all too powerful sought to give it a legal form and, in 1919-20, gave such seizure a legal recognition, under certain conditions. This resulted in the farmers' getting about 50,000 ha. to settle themselves on. The best effect of this movement was that the landlords sensed the spirit of the times and began to sell land freely to the farmers. The farmers, again, were helped at this time by two factors: firstly, favoured by the laws which kept the rise in rents within limits, the tenant class was able to save considerable sums which they sought to invest in land; secondly, there was an unexpectedly large emigration during the years after the war to France and U. S. A., which facilitated a huge in-flow of money from abroad into the hands of the farming classes.

National Organisation of ex-Service Men

In these land settlement operations, the farmers were greatly helped by the National Organisation of ex-Service Men—a public utility institution—which was founded in 1919. The Organisation was endowed with a capital of 365 million lire, the greater part of which was invested in enterprises for melioration and settlement. It had the right to apply for compulsory expropriation of land suitable for reclamation and development. All land reclaimed by the Organisation was given to cultivating tenants who could become proprietors after a trial period of varying length. The tenant who availed of this scheme paid a quarter or one-fifth of the price while entering into contract, and the rest in ten annual instalments. The organisation with the help of its efficient staff of technicians has built notable works, the most well-known of them being the draining and colonization of the Pontine Marshes.

Another similar organisation which helped in the land settlement scheme is the *Bonifica Integrale* instituted by the Fascist Government to make Italy self-sufficient in grain. It undertook the complete reclamation of all areas capable of cultivation but hitherto unproductive and to diminish the number of big estates for establishing landowning peasants thereon.

The results of these various efforts are noteworthy. Within a decade since the war, a million hectares of good cultivated land were transferred from "bourgeois" proprietors to small farmers. Again, in 1937, that is within a decade since the inception of the *Bonifica Integrale*, this organisation was dealing with an area of over 5½ million hectares for effect-

ing internal settlement. The main purchasers of land under this settlement scheme were small allotment holders, small lease-holders, metayers, day-labourers, farm-hands and industrial workers.

Tenancy Reform

The metayer class, however, could not benefit much by this scheme because their income being mostly in kind, they did not have the necessary capital to invest in land. Developments in their case, therefore, were in a different direction viz. collective tenant farming. Indeed, collective tenant farming is an original form of Italian co-operative system under which, agricultural labourers form an association, rent a farm on lease or on a crop-sharing contract, or acquire it by a purchase outright. As a typical example, the collective tenant farms in the District of Ravenna may be cited. In 1938, this region had 18 societies controlled by the Federation of Agricultural Associations of Ravenna with funds amounting to nearly 15 million lire belonging to 9,800 day labourers who were employers as well as workers. The workers contributed one-third to the costs of cultivation and, in return, received one-third of the gross produce; the remaining two-thirds went to the undertaking. A collective tenant farming society was either under the "single control" or under the "divided control" system. In the former case, the members worked all the lands in common where as in the latter each member worked a plot for which he was responsible. The lands leased were property of welfare or similar organisations or of private estate owners. Credit was made available to such associations by the **Banca Nazionale del Lavoro** through its Land and Agricultural Credit Section specially created for that purpose. This type of collective farming has in several cases provided a solution to the problem of settlement which could not have otherwise been solved.

Another way of strengthening the ties between the cultivating tenant and the land was by adopting an improved form of contract, the rules of which were fixed by the Government. Under this contract, called the *compartecipazioni collettive*, the worker was given a share in the production as also in the net results of the enterprise. Share yields took the place of wages and the tenant, provided he himself cultivated the land, received credit from the treasury and was paid an income proportionate to the total income of the undertaking. This system was regulated by a national contract concluded between the Agricultural Workers' and the Agricultural Employers' Federations. An almost similar system which was gaining popularity early in the 'thirties was that of transferring a farm to a tenant on the condition that if he improved it within a reasonable number of years, only half of it would be returnable to the landlord while the other half was to be retained by him as compensation for his work and expenditure.

Size of Holding

Small holdings predominate in Italy, mainly on account of a continuous splitting up of inheritance in each generation since the law of succession permits every heir to obtain his share in the property. Yet, excessive sub-division has been considerably checked by the land settlement policy which helped small allotment holders, who were the main purchasers of land, to enlarge their holdings. The *Bonifica Integrale* also undertook the work of consolidation of holdings as a part of its scheme. These various efforts to maintain and develop a healthy landowning peasant class led to the following distribution of undertakings in 1930.²¹

Thus, small holdings below 3 ha. predominate and form over 65 per cent. of the total number. Next in importance comes the group of holdings between 3 and 10 ha. which are nearly a quarter of the total. Hardly 4 per cent. of the undertakings are of 20 ha. and more.

| Size of holding | Undertakings | | Area of undertakings | |
|-----------------|--------------|-------|----------------------|-------|
| | Number | % | Hectares | % |
| Under 3 ha. | 2,763,671 | 65.8 | 3,043,792 | 11.6 |
| From 3-10 ha. | 1,025,036 | 24.4 | 5,574,407 | 21.3 |
| „ 10-20 „ | 253,959 | 6.1 | 3,535,864 | 13.5 |
| „ 20-100 „ | 132,536 | 3.1 | 4,970,718 | 18.9 |
| Over 100 ha. | 21,064 | 0.6 | 9,126,963 | 34.7 |
| | 4,196,266 | 100.0 | 26,251,744 | 100.0 |

The land settlement operations noted above had a healthy effect also on the method of working. Between 1922 and 1936, the proportion of undertakings directly worked by the owners went up by 18.8 per cent. to 59.1 per cent. of the total, covering nearly 58 per cent. of the total area. At the end of this period, about 26 per cent. of the area was equally divided between tenant farmers and metayers, while the rest of the area was being worked under a mixed system.

Results of Reforms

It may be noted that side by side with these reforms, Italy relieved the pressure on land considerably and reduced the proportion of the agricultural population from 56.1 per cent. to 46.3 per cent. between 1921 and 1931. This, together with the redistribution of big estates and reclamation of waste lands, has greatly reduced the proportion of landless agri-

²¹ Land Tenure Systems in Europe. p. 27.

culturists; in some communities, for instance, the percentage of farm-hands to the total rural population went down from 70 per cent. to 20 per cent.²² In Italy as a whole, the proportion of male labourers to total agricultural population declined from 60 per cent. in 1871 to 20 per cent. in 1936. At the end of this period, more than seven-tenths of the Italian agriculturists were heads of undertakings, cultivating the land themselves with the help of their families only. These efforts to improve agriculture have met with noticeable success as can be seen, for instance, from the average yield of wheat which rose from 10.5 dz. per ha. before World War I to 16 dz. in 1933 with the result that Italy was made independent of foreign wheat supplies which amounted to 26 million dz. a year.²³

5 BELGIUM

A Study in Contrast

As a matter of fact, Belgium has had no agrarian reform as such to her credit, agriculture being relatively an unimportant part of the country's economy. Nevertheless some trends in Belgian agriculture are briefly noted here as they serve a useful foil to the developments in other countries.

Absence of Planned Policy

Belgium has not only had no comprehensive policy either for reclamation of waste lands or for expropriation of large estates but, on the contrary, has allowed some land to go out of cultivation and the law of inheritance to sub-divide the property among all the heirs from generation to generation. The result, as is to be expected, is that despite a decrease in the area under cultivation from 1,984 thousand ha. to 1,907 thousand ha., between 1880 and 1930, the number of holdings has gone up from 910,396 to 1,131,146 during this period. Similarly, in spite of rapid industrialisation which materially reduced the number of agriculturists, as much as 60 per cent. of the area is under tenant farming. The only redeeming feature here is that, under a law of 1929, the lease holder was assured of a first tenancy of at least 9 years and his eviction was made subject to a notice of 2 years. Evicted tenants were also assured compensation for improvements, planting and development carried out during their tenancy and for outlay on crops planted at the end of the lease.

Diminishing Size of Holdings

The following table giving the change in distribution of holdings according to size during the period 1895 to 1930. shows the net result of

²² G. Lorenzoni. *Proceedings of the 3rd International Conference of Agricultural Economists*. p. 189.

²³ Giuseppe Tassinari. *Ibid.* p. 83.

the absence of land settlement policy on the one hand and the free operation of the law of inheritance on the other.

| | 1895 | 1930 |
|-------------------|---------|-----------|
| Less than 1 ha. | 544,041 | 838,833 |
| 1-5 ha. | 191,833 | 194,914 |
| 5-10 ha. | 49,065 | 56,311 |
| 10-20 ha. | 28,151 | 27,882 |
| 20-30 ha. | 8,163 | 7,010 |
| 30-50 ha. | 4,788 | 3,656 |
| 50-100 ha. | 2,661 | 2,026 |
| More than 100 ha. | 923 | 464 |
| Total | 829,625 | 1,131,146 |

It will be seen that the larger number of holdings in 1930 than in 1895 is the result solely of a similar increase in the number of small holdings below 10 ha. ; in fact, small holdings below 1 ha. alone increased by nearly 295 thousand to 839 thousand or by about 55 per cent. This increase, it is important to note, is greater than that in the total number of holdings.

Saving Factors

A question naturally arises : how, in spite of such unhealthy developments, has agricultural situation in Belgium not been faced by a crisis ? The reasons are as follows :—

(i) Agriculture plays a small part in the economy of the country. Extractive and manufacturing industries account for the employment of two-thirds of the working population while on agriculture depend only 17 per cent—the lowest among the Continental countries.

(ii) The pressure on land has been relieved considerably by opening new avenues of employment for the people. Between 1840 and 1930, the agricultural population declined from 1.1 million to 662 thousand.

(iii) The varied character of the country's economy offers sources of subsidiary income to the agriculturists. The productive capacity of the rural industries has been highly increased since 1910. Among these may be mentioned sugar refining, brewing, dairying and the preserved vegetable industries. The holders of land below 1 ha. do not entirely depend on their agricultural income but have, in addition, some occupation or the other.

(iv) The Belgian farmer is educated,²⁴ industrious and frugal. He cultivates his land on a highly intensive system and has considerably

²⁴ Elementary education has been made compulsory in Belgium since 1914.

enhanced the yield of his land and livestock. Even without much assistance from the State in the past, he had come into possession of more and more land as can be seen from the fact that between 1895 and 1930, the area under direct working increased from 596,000 ha. to 727,000 ha. and the number of holdings directly worked, from 231,000 to 545,000 during this period. Since 1935, however, the National Society of Small Landed Property, founded under Government auspices, has been helping small agriculturalists or workers to become owners of small holdings or garden plots. The Society lends them a considerable portion of the purchase price at a low rate of interest and the loan is to be repaid in 10 to 25 annual instalments not exceeding a normal rent or similar charges.

(v) Though the State has had no comprehensive policy of settlement and expropriation of estates, the farmer has been receiving help from the Government in several other ways. He receives, for instance, constant advice and guidance about agricultural improvement from a body of officials who are known to be highly qualified and sympathetic. Government also grants subsidies for a variety of improvement measures such as manufacture of manures, building of stables and cowsheds, development of livestock etc.

(vi) Lastly, the agricultural community in Belgium is well organised. The country has five types of agricultural associations :—

- (a) Associations of an exclusively official character
- (b) Associations of a semi-official character
- (c) Autonomous Associations
- (d) Associations of unrestricted objects, and,
- (e) Associations of restricted objects.

As regards (a) these are organised on a local basis and are linked to a sort of Provincial Organisation. The function of such associations is to look after the agricultural activities of the area concerned under the direction of the Minister of Agriculture. Under (b) come official organisations whose functions are more or less advisory; generally, these assist in organisation of competitions and in the enforcement of Government measures to encourage and protect the various branches of agriculture. Autonomous Associations have objects both economic and social. The last two classes of Associations cover several types of agricultural activities and the varied interests of their members. In short, all these Associations between them undertake the organisation of co-operative dairies, insurance of cattle, stock breeding, buying and selling, providing credit etc. These organisations have not only helped to safeguard the interests of the agriculturists but also to promote their wealth and welfare.

6 DENMARK

Introductory

Denmark has a land area of 4.3 million ha. of which 2.7 million ha. or 62 per cent. is cultivated and a little over half a million ha. or 14 per cent. is permanent meadow and pasture. About 47 per cent. of the cultivated area is under cereals and 31 per cent. under grass and green fodder. Animal husbandry is an important part of Danish economy, accounting for 85 per cent. of the total gross returns. The livestock density is also very high, there being 93 cattle per 100 ha. of agricultural area—the highest density among European countries excepting Holland.

Land Settlement

Denmark has been endeavouring to establish peasant farms almost since the middle of the 18th century. As early as 1769, a law was passed to amend the system of entails so as to remove the obstacles from the way of proprietors desirous of selling their tenemental farms. This measure was followed by a series of laws aiming at the betterment of the tenants. A law of 1781, abolished certain obligations binding the big landlords to keep their farms of a particular size and then encouraged them to sell their lands to the tenants on an instalment basis. At the same time, the State took several measures to provide facilities for purchasing land, livestock, agricultural implements etc, the most important measure being the establishment of a State Bank in 1786, which advanced loans to small holders at a low rate of 2 per cent.—in some cases free of interest—on the security of land, to the full extent of its value.

The results of these provisions were striking. Prior to 1788, 75 per cent. of the cultivated land was held by tenants on lease from big landlords; in 1835, the leaseholders declined to 66% and by 1850, 90% of the Danish peasants had become free owners of lands "living on their farms in houses owned by themselves."²⁵

These measures were reinforced at the end of the last century as it was found that the large scale exodus of rural labourers to towns was adversely affecting agriculture. In 1896-97, a bill was passed for allotting small holdings upto a maximum of 4½ ha. to agricultural labourers. The applicant for the allotment paid one-tenth of the value of the land, the Government supplying the remaining nine-tenths as a loan at the rate of 3 per cent. No repayment was expected during the first 5 years. The original law was designed to benefit farm labourers only and, further, it sought mainly to provide them with part-time holdings with which to supplement their income. But subsequently, the benefits of this legislation were extended to rural labourers of all kinds and the objective of the law was also changed to making the labourer an independent farmer owning a holding large enough to support his family.

25 Report on the Reconstruction and Consolidation of Small and Scattered Agricultural Holdings in Europe (1927) R. S. Patil, pp. 26-7.

Acquisition of Land

After the First World War, the Government found that the sudden rise in land values had given a setback to the establishment of freeholds, the number of holdings purchased by the landless cultivators having declined from an annual average of 600-700 before 1914 to 150 in 1920. A law was, therefore, passed in 1921 authorising the Government to acquire church lands, feudal lands, family estates and trust property for this purpose. Under this new plan, the land was owned by the State but was given on lease to the cultivator who could keep the farm as long as he wanted to. During his tenancy, he had to pay to the Government an annual rent equal to 4 per cent. of the tax value of the land. The farmer could cultivate the land in the manner he thought most profitable to him. He could also pass it on to his heir, but he could not alienate it as the law required the land to be handed over to the Government if he did not wish to utilise it himself. By 1932, all suitable land was taken up by cultivators who availed of this scheme. An indirect way of compelling the large estate proprietors to part with their lands so as to settle small farmers there on was the imposition of heavy taxes on entailed estates; some remission was granted where succession was made free from entailment. Next to expropriation and purchase of large estates, reclamation was an important source of land for meeting the demand for small holdings.

In 1934 the two series of laws—one for small holdings purchasable with the help of State loans and the other for small holdings given on lease on State lands—were consolidated.²⁶ Under this new law, the types of holdings to be set up were divided into 3 groups—small holdings, small farms, and horticultural holdings—all of which were required to be sufficiently large to support a family. "Small holdings" were to be not less than 3 ha. (7.4 acres) and not more than 8 ha (19¾ acres). "Small farms" were not to exceed 15 ha. (37 acres) of land. In the case of horticultural holding, no size limits were laid down; it could be anywhere between a market garden and an orchard.

The whole administration of the small holdings programme is placed under the Minister of Agriculture who is assisted by national, country and local agencies in the establishment and supervision of holdings. No one is allotted a holding unless he meets certain requirements in respect of age, health and character. Similarly, he is required to have sufficient financial resources to pay one-tenth of the price of the land and to meet running expenses until the holding begins to yield an income enough to support his family. But persons in a position to purchase holdings without State assistance are excluded from the benefit of this legislation.

Terms of Purchase

Under the new law, the purchaser of a holding is allowed to borrow from the Government nine-tenths of the appraised value of the land;

²⁶ Report of the President's Committee on Farm Tenancy, Section III, pp. 77-88,

this nine-tenths of the appraised value is not to exceed the actual price paid by the State or 8,500 crowns, whichever is lower. The loan advanced is secured by a first mortgage on the entire holding, including land and buildings. Amortization payment begins only from the sixth year. The purchaser has to pay 2½ percent half-yearly upon the original debt towards interest and amortization. Out of this payment the excess over 2 per cent. of the remaining debt is considered as payment towards the principal.

Persons acquiring holdings on lease from the State have to make payments for the use of land at the rate of 2 per cent. semi-annually of the latest assessed value of land. This rate is subject to variation by the Land Control Committee for the first 10 years in accordance with the standard of cultivation possible on the holding. The tenant can secure a loan from the State upto a prescribed limit to cover the cost of necessary buildings.

Similar detailed provisions are laid down regarding the requirements and methods of procedure for purchasing horticultural holdings and small farms. The new law also provides for grant of additional loans to those who had acquired land under earlier laws, for increasing the size of their holdings and for making corresponding additions to their farm equipment or farm improvements.

Restrictions on the Rights of Holders

A significant feature of this settlement programme is the number of restrictions placed on the rights of possession in the case of lease-holders on State land as well as purchasers of holdings from the State.²⁷ The most important of these restrictions require that the acquirer should begin cultivation of the land as soon as the holding is prepared for operation; he must maintain the necessary livestock and equipment, keep buildings in good condition and not make excavations which destroy surface soil; he must insure his buildings, and necessary equipment against fire with a company recognised by the State; he must also insure his buildings against damage from storm and his crops against damage from hail; no part of the holding should be sublet, nor should any house be erected on the holding for being let to tenants; sale of any part of the holding or its consolidation with any additional land was allowed only with the permission of the Minister of Agriculture; transfers and succession were allowed only to a natural heir; in the absence of such an heir, the successor was required to meet the conditions laid down as in the case of small holders. While these restrictions were common to both the purchasers of holdings and the lease-holders of State-owned lands, there were three restrictions which were specified as applicable only to the occupier in the latter category. He could not mortgage his holding for a

sum larger than his original debts to the State ; in other words, he could raise a debt on its security only to the extent of the difference between the original debt and the existing debt to the State. His credit was further restricted by providing that his holding was not liable to seizure to recover a personal debt. Finally, the property could not be transferred to any one except a natural heir. These restrictions had to be respected by the holders on penalty of being called upon to repay immediately their full indebtedness in the case of purchasers of holdings and, in the case of tenants, of being required to surrender the holding after being duly compensated for any building erected or improvements effected by them.

Results

Under the above mentioned laws, the landless agriculturist class, further assisted by the State's loan policy for the purpose, acquired an increasing extent of land. As many as 19,133 small holdings were established between 1900 and 1930—14,656 being under the Act of 1899 and 4,477 under the laws passed since 1919. These being of the small-holdings group which comprised about 110,000 undertakings in 1929, it is evident that the number of small holdings went up by more than 20 per cent. during these years as a result of the land reforms.

Consolidation of Holdings

The Danish law of succession has a unique characteristic since it recognises the right of all heirs to a share in the property but, at the same time, endeavours to preserve the property against excessive sub-division. For, under the law, a testator may leave a certain part of his property to a single heir, the remaining property being equally divisible among the rest ; the proportion of land that can be thus left to a favoured heir, however, varies with the nature of proprietary rights of the testator. The problem of sub-division and fragmentation, therefore, was never so acute in Denmark as it was in many other countries on the Continent. Nevertheless, Denmark was the first and foremost of all European countries to undertake the work of restriping and consolidation, the first law for this purpose being enacted as early as 1781. Under this law, even a single individual farmer could, on application to Government, force all other farmers in the village to join in the scheme of consolidation.²⁸ The provisions of this measure were widened by successive laws passed from time to time and the actual work of restriping was completed by 1820.

Regulation of Inheritance

To prevent the fields from further lapsing into uneconomic undertakings, it has been provided since 1897 that, in case of sub-division, no share should fall below the minimum limit which has been fixed at 4 to

²⁸ R. S. Patil. *Op. cit.*, p. 86.

8 ha. according to circumstances. This limit can be trespassed only if it can be proved that (i) such a division is more economic or advantageous (ii) or that a big town is growing in the neighbourhood or that (iii) the land value is so high as to make even smaller holdings economic. The Agricultural Department has to approve every division of land and to maintain a cadastre to ensure that no farm falls below the limit fixed by the law. An equally important legal provision ensuring efficient standard of cultivation is that which compels every farmer to stay on his farm.

Size of Holdings

The result of these two types of measures viz. to encourage the splitting up of big estates on the one hand and to prevent the growth of uneconomic holdings on the other, is evident from the following table showing the distribution of holdings according to size in 1919 and in 1929.²⁹

| Year | 0.55 to 3.3 ha. | 3.3 to 10 ha. | 10 to 15 ha. | 15 to 30 ha. | 30 to 60 ha. | 60 to 120 ha. | Over 120 ha. | Total No. of holdings |
|------|-----------------------|------------------|-----------------|-----------------|-----------------|------------------|-----------------|--------------------------|
| 1919 | 43,891 | 65,254 | 25,494 | 43,364 | 22,552 | 4,039 | 1,335 | 205,929 |
| 1929 | 38,525 | 71,826 | 26,809 | 43,566 | 20,417 | 3,423 | 1,071 | 205,637 |

It will be seen that there was a decline in the number of small holdings below 3.3 ha. on the one hand and of those above 50 ha. on the other. As against this reduction in the number of uneconomic holdings and of large estates, there was an increase in the number of economic holdings particularly in the 3.3 to 10 ha. group. It may be noted here that in Denmark about 4 ha. of land is the minimum required for an economic holding.

Results

The above mentioned land reforms have helped Denmark to remove several drawbacks such as primitive methods of cultivation, domination by non-cultivating landlords, rackrenting of tenants etc., which characterised Danish agriculture in the 18th Century.³⁰ The predominance of the old system of leasing has almost dwindled into insignificance, hardly 5 per cent. of the farms being now cultivated by tenants. The medium sized holdings in the 10 to 50 ha. group cover over 63 per cent. of the total cultivated area and this adds to the stability of agriculture.³¹ The increase in the number of economic holdings below 10 ha. has been of no less importance as it has been found on investigation that agricultural incomes from the smaller farms are 20 per cent. higher than those of the

²⁹ Report on Land Settlement by A. W. Menzies-Kitchin. pp. 42-49. .

³⁰ R. S. Patil. Op. cit., p. 83.

³¹ Land Tenure Systems in Europe. p. 32.

hired agricultural labourer.³² The living standards of the cultivating classes, from economic as well as social points of view, have therefore considerably improved since these reforms were undertaken. Moreover, it is mostly because of the inherent strength of the small economic holders and of cultivators of the medium sized holdings who form the majority that co-operation has entered into almost every aspect of rural life of Denmark and made the country in this respect a model for the rest of the world.

7 HOLLAND

Introductory

Holland has an area of 3,293,000 ha. of which 1,065,000 ha. or 32 per cent. is cultivated land and 1,291,000 ha. or 39 per cent. permanent meadow and pasture. In 1930, the country had a population of 3.2 million of which 655,000 or 20 per cent. were employed in agriculture. The high fertility of the soil and the intensive methods of cultivation of the farmers make it possible for Dutch agriculture to maintain a very high density of population. The number of livestock in Holland is 109 per 100 ha. of cultivated area, permanent meadow and pasture—the highest in Europe.

Land Settlement

Holland has had a steady increase in population as a result of which the density of population went up from 88 to 266 per sq. km. during the hundred years preceding the recent war. Such a rapid increase would have created mass unemployment, had it not been for land settlement works undertaken since the 19th century, though often at a financial loss. Strenuous efforts were made to extend the area under cultivation by reclaiming wasteland and by diking or draining and cultivating alluvial areas and heaths and marshes. Under this policy, the extent of waste land in the country was brought down, during the period 1883 to 1936, from 907,000 ha. to 337,000 ha. In 1937 and 1938, 13,000 ha. of more land was similarly acquired. A considerable part of the reclamation work in recent years was done by land reclamation companies which received State subsidies for the purpose; the work was done by them exclusively on behalf of, and at the risk of the State, the cost of the schemes being borne by the Treasury. An important part of this policy of settlement was the encouragement given, under a law of 1918, to agricultural labourers to acquire plots of land, as a result of which nearly 5,000 allotments had been provided to landless agriculturists.

³² O. H. Larsen *Proceedings of the 4th International Conference of Agricultural Economists* p. 295.

Method of Exploitation

Tenant farming and direct working by the owner are almost equally common in Holland. The effect of the land settlement policy is reflected in the increase of land directly cultivated from 46.98 per cent to 50.97 per cent of the total cultivated area between 1910 and 1930; the number of holdings so cultivated showed a similar increase from 50.8 per cent to 56.2 per cent of the total during the same period.

Size of Holdings

The system of succession in Holland being based on the Code Napoleon permits equal division of property among all heirs. There has thus been no check to the process of sub-division of land. Even the tradition of primogeniture prevailing in some parts has not been put into legal shape by the State. The effects of this system of succession are to be seen in the following statement :—

| Area (hectares) | Number of holdings | Area (hectares) | Number of holdings |
|--------------------|-----------------------|--------------------|-----------------------|
| 1- 5 | 110,646 | 20-50 | 24,092 |
| 5-10 | 55,500 | 50-100 | 2,456 |
| 10-20 | 41,256 | 100 or more | 195 |

Thus, holdings below 10 ha. numbered nearly 71 per cent. of the total, two-thirds of these holdings being below 5 ha.

Consolidation of Holdings

The diminishing size of the holdings attracted the attention of the Dutch authorities in 1882 when a law was passed providing State assistance to those who wanted to consolidate their holdings. The State undertook to consolidate holdings if the majority of the holders owning more than half the land and paying more than half the revenue in the area concerned applied for this benefit. To further encourage this improvement, all documents relating to this work were exempted from stamp duty and registration fee. The Government paid most of the cost of conducting the enquiry and of preparing the plan, while the expenses incurred in connection with restriping work were to be divided between the holders concerned. This law was ineffective as the procedure of work was cumbrous; similarly, the right of interruption given to the holder under certain conditions proved an abstacle to progress. A law was, therefore, enacted in 1938 whereby it was provided that application for consolidation by one fifth of the owners of the parcels concerned was enough to set the consolidation machinery into operation. The general administrative costs were borne by the State, while the costs of consolidation were advanced by the State and recovered from the parties concerned in thirty annual payments.

A Country of relatively Small Holdings

Holland had no need of resorting to expropriation of estates as large properties are almost unknown in the country. Holdings below 50 ha. alone occupy over 90 per cent of the area and account for 98.1 per cent of the total number of holdings. The absence of radical measures to legally prohibit the breaking up of undertakings, on the other hand, may be explained as due to four factors: firstly, the Dutch alluvial soil with its high yielding capacity makes intensive cultivation possible, so much so that even 2 ha. are considered enough to ensure minimum economic independence. Secondly, the late age at which marriages are contracted also provides a check to the process of division of property. Thirdly, the land reclamation policy has been so successful that, as pointed out above, it has led to an increase in the area under direct working and has also helped to increase the size of holdings. Thus, between 1921 and 1930, though the total number of holdings increased, those below 5 ha. on the one hand and those above 50 ha. on the other decreased in number while the medium sized holdings increased.³³ Finally, Holland has a well-organised industry whose development is responsible for reducing pressure on soil; thus despite an increase in population, the percentage of workers employed in agriculture and fishery declined from 23.6 to 20.6 between 1920 and 1930. The most important of these factors, however, is the land reclamation policy which, between 1883 and 1938 brought 5,76,000 ha. of new land under the plough and thus more than doubled the area under cultivation.

8 NORWAY

Introductory

Though out of 30.9 million ha. of total area of Norway, only about a million ha. or 3 per cent is under cultivation, agriculture is the principal resource of the country because more people—about 35 per cent—are engaged in this occupation than in any other single pursuit and, secondly, because its aggregate annual yield represents a value which is nearly equal to three other important sources of income combined viz. shipping, export of fish and timber. Of this cultivated area, 22 per cent. is under cereals and as much as 69 per cent under fodder crops other than cereals. Forestry also occupies an important part in the country's economy, about 88 per cent of the total agro-forestal area being forest and uncultivated productive-land; most of these forests are attached to farming estates.

³³ This is borne out by the following figures:—

| Year | 1-5 ha. | 5-10 ha. | 10-20 ha. | 20-50 ha. | 50-100 ha. | over 100 ha. | Total No. of holdings |
|------|------------|-------------|--------------|--------------|---------------|-----------------|--------------------------|
| 1921 | 112,607 | 48,945 | 34,509 | 22,692 | 2,646 | 250 | 221,649 |
| 1931 | 110,646 | 55,500 | 41,256 | 24,092 | 2,456 | 195 | 234,145 |

Land Settlement

Norway experienced a rapid increase in population during the last century. Thus, despite an emigration of 861,000 people to overseas countries during 1836 and 1937, the population of the country increased from 1.2 million to 2.9 million during this period. A land settlement policy, therefore, was highly necessary to prevent the standard of living of the agricultural classes from falling below the minimum.

Efforts towards settlement of landless agricultural classes were not radical but the problem was tackled from several sides. First of all, with a view to discouraging accumulation of property in the hands of non-cultivating owners, a law was passed in 1785, providing that a land-holder owning more than one estate was liable to double taxes on those in excess of one. This provision led to lands being sold by those who had more than one property and this trend continued even after 1799 when the Act was repealed. In 1814, another similar step was taken when the law of entail was abolished so that large estates could not be passed as a whole to a single heir. Both these measures helped a large number of tenants who had the means to purchase lands to become owner-cultivators.

Subsidies

During the years following World War I, Norway adopted more direct measures to promote the development of new farms through subsidies for road building and drainage operations. For breaking of new land, the subsidy was generally a quarter of the estimated cost upto a specified maximum. Similar subsidies were given for reclaiming land previously tilled but which had subsequently gone out of cultivation. During the years 1918 to 1938, these measures helped to bring 141,000 ha. of new land and 58,500 ha. of previously cultivated land, under the plough.

Law of Inheritance

The relatively small area under cultivation and the large number of dependants on agriculture gives the Norwegian farmer a per capita average of 0.36 ha. of farm land. Consequently, the size of the normal undertaking is necessarily small. The law has taken cognisance of this fact and has always tried to prevent the evil of excessive sub-division and fragmentation raising its head. The Norwegian law of inheritance, for instance, permitted the testator to sub-divide the property among his several heirs or to transfer, mortgage, sale or give it away in gift. In the former case, the size of the holding would be affected while, in the latter, the holding or a part thereof would be lost by the family. To check the former evil of excessive sub-division, a law was enacted in 1857 enabling the nearest relative of the testator to enter into possession of the whole property by satisfying the claims of other heirs, the value thereof being settled by experts unless it was specified in the will. Where compensa-

tion in lump sum was not possible, the principal heir was given the right to take the shares of other heirs on mortgage. The latter, in that case, continued to get interest on their claims until due notice—to be given six months in advance—was received from any one of the parties calling in of the debt.

Right of Re-purchase

The other law seeking to prevent the holding or a part thereof from passing into others' possession was enacted in 1863. Under this law, a farm owned by a family for 20 years, if sold outside the family, could be recovered by the kindred of the testator within 5 years of the transaction.

The above two laws greatly helped to prevent family farms from falling below the economic level. To offset the effects of the normal law of succession, further legislation was undertaken to provide for consolidation of uneconomic holdings.

Consolidation of Holdings

The first law providing for consolidation of holdings was enacted in 1882 and was subsequently amended by two more laws in 1895 and 1914. In 1918, these provisions were repealed and replaced by a comprehensive act. Under the new law, the country was divided into 50 units with a chief surveyor for each unit who was also given a staff to assist him in his work. The operations were to be conducted by a Commission consisting of two respectable persons from the locality presided over by the Chief Surveyor. The travelling expenses of the Commission were borne by the Government while the salary of the members during the progress of the work was paid by the landowners. As in Denmark, the work of consolidation can be taken up even if a single landowner in the village comes forward with a demand for this improvement. The decision of the commission was binding on all concerned, but appeal for revision was allowed if made within 3 months of the closing of the Commission.

Results of Consolidation

The results of these consolidation operations, however, are not so obvious from the present position regarding the distribution of holdings according to size. The reasons are that, firstly, comparative figures for an earlier period are not available and, secondly, as already pointed out, Norway is a country of extremely small holdings. From the table overleaf it will be seen that in 1929, holdings below 10 ha. covered 62.2 per cent. of the total cultivated area and accounted for 93 per cent. of the total number of holdings in the country.³⁴

34 Land Tenure Systems in Europe. page 32.

| | Less than 10 ha. % | | 10 to 50 ha. % | | 50 to 100 ha. % | | Over 100 ha. % | | Total % | |
|--------|--------------------------|------|-------------------|------|--------------------|-----|-------------------|-----|------------|-----|
| Number | 277,430 | 93 | 20,606 | 6.9 | 292 | 0.1 | 32 | — | 298,360 | 100 |
| Area | 619,090 | 62.2 | 354,000 | 35.5 | 19,000 | 1.9 | 4,000 | 0.4 | 996,000 | 100 |

Small Holders With Subsidiary Incomes

Detailed statistics show further that 82.1 per cent of the holdings are below 5 ha. and a little less than a third of the total are below .5 ha. This small size which, if judged by the normal western standards, is indeed extremely dissatisfactory is explained by the peculiar if not redeeming characteristic of Norwegian agricultural economy. The farms below 5 ha., for instance, are to be mostly found in the neighbourhood of towns and industrial centres and are owned and cultivated by people who draw the bulk of their income from non-agricultural sources. These holdings are mostly plots for market-gardening or potatoe growing. Similarly, farms between .5 and 5 ha which number nearly half of the total have, as a rule, besides the cultivated land, considerable part of uncultivated land, outlying fields, woods and fells with fishing and hunting rights and other appurtenances belonging to the farm. In general, farms which are not large enough to occupy the farmer's family have other subsidiary sources of income such as handicrafts, industry, trade, forestry or fishing.

Results of Reforms

The settlement policy which gave more land to the cultivating peasants and the other laws aiming towards maintenance of holdings of suitable size have built up a healthy class of peasants working their own farms. Undertakings being cultivated under lease are reduced to 14 per cent. those owned by cultivators themselves being 86 per cent. of the total. Tenancy was still less prevalent on holdings of larger size; thus, if we take into consideration only holdings of more than 5 ha., those held on tenancy basis are no more than 5 per cent. It is presumable that most of these small holdings under lease are, as in the case of owner-cultivated uneconomic holdings, cultivated by those whose main occupation is non-agricultural. Since 95 per cent. of the undertakings over 5 ha. are owner cultivated, tenancy does not constitute a problem for Norwegian agricultural policy.

9 SWEDEN

Introductory

The total land area of Sweden is 41 million ha. of which 3.8 million ha. or 9.2 per cent is cultivated and another million is permanent meadow and pasture. Live-stock industry occupies an important part in the country's economy as is seen from the fact that Sweden has a cattle density of 61 per 100 ha. of farm land and that 64 per cent of the cultivated area is used for raising fodder crops other than cereals.

In spite of the doubling of the population between 1840 and 1935 from 3.1 million to 6.3 million, Sweden did not resort to any radical measures of land reform, for the reason that industrialisation and, to some extent, emigration greatly helped the country to reduce the pressure on soil. During the period between 1851 and 1930, there was net emigration of 2.6 persons per 1000 inhabitants on an average in each decade. As for industrialisation, the percentage of population dependent on industry increased from 14.6 in 1870 to 35.7 in 1936; there was a similar increase in the proportion of persons employed in commerce and transport, from 5.2 per cent to 18.2 per cent. Sweden was thus able to reduce materially the pressure on soil, the agricultural population having declined from 72.4 per cent to as low as 39.4 per cent. It is noteworthy that 54 per cent of the Swedish industries are in rural areas employing 47 per cent of the total number of workers in the country.

Nevertheless, the fact could not be ignored that on agriculture depended a larger number of people than on any other occupation taken alone. Measures, therefore, had to be adopted to see that the farm population is maintained on a standard of living which could compare favourably with that of workers engaged in other pursuits. These measures aimed not at overhauling the agrarian structure but were meant to meet the typical problems of the country as and when they cropped up.

Leasing of Crown Lands

As the dependence of the population on agriculture was diminishing, greater importance was attached to an equitable distribution of property among the various classes than to land settlement proper. Direct settlement was confined to crownlands which, however were extensive; even in 1938, as much as 31 per cent of the land area was in the possession of the State. Under this settlement policy, the forest crofter got a holding on lease for a term of 50 years but no rent was to be paid during the first 15 years. The lessors could obtain credit for certain purposes from the State and, if they wanted to, they could purchase the holding as well. By 1938, about 2000 such holdings had come to be established. Since 1934, this scheme has been widened so as to include several other groups of seasonal workers so that they may, on the whole, earn a sufficient livelihood.

Land Laws

But more important than this land settlement policy are the land laws of Sweden which try to protect the cultivators from loss of land and further help the landless classes to acquire possession of the land they cultivate. Under the former category comes an important law which was passed in 1906 to prevent the purchase of forest and arable land by saw-mill owners, as it was found that such purchases were displacing farm owners on a large scale. Under this act, all concerns engaged in business were prohibited from acquiring any cultivated or cultivable land which helped to maintain an independent farm. A special Act was also passed to insure continuance of cultivation on all lands, particularly on those held by commercial bodies. To safeguard the interests of the tenants on such lands, an Act of 1909 required that leases should be for a minimum period of 15 years and that the property in question should be provided with the necessary farm buildings etc. These Acts which were originally applicable to certain regions where the problem was acute were extended in 1927 so as to cover the whole country. As expected, these stringent provisions regarding tenancy have encouraged farm ownership as the companies ceded considerable number of their holdings to the tenant farmers.

The "Farmers' Own House" Movement

Equally important is the direct intervention of the State to encourage the farmers' "own house" movement, particularly since 1904, to provide agriculturists of limited means with small farms. To make land available for this purpose, obstacles in the way of breaking up large estates beyond a certain size were removed. Crown-lands were dismembered and offered for sale. Credit was made available for acquiring land, the loans carrying interests at the rate of 3.6 per cent to 4 per cent for erecting new farms and 4 per cent to 4.5 per cent for erecting dwelling houses. Loans were also advanced for reclaiming land and improving arable land. The estate however, did not assume direct responsibility for the organisation of loans for these family holdings but subsidised them through responsible associations which were subject to a certain measure of public control.

During the period 1905 to 1935, about 80,000 new undertakings were set up as a result of these measures, of which 48,000 were owned by the cultivators and the rest cultivated by the tenants. The tenants, however, have the right of priority to purchase the holdings they cultivate and with a view to enabling them to exercise this right, due provision was made in 1934 to give the necessary financial assistance to them.

Size of Holding

To indicate the magnitude of the problem of subdivision and fragmentation of holdings which faced Sweden, a brief reference to the history

the country's agriculture is necessary. During the transition of the tenure of land from communal ownership to private ownership, the division of lands took place in accordance with the ancient custom under which each heir was entitled to receive a share in the better as well as in the worse lands. Every proprietor thus received a property formed of several plots scattered all over the area. This problem of small and scattered holdings in course of time became intensified owing to the continuance of this custom which is still in force as far as it can be applicable.³⁵

Measures to combat Sub-division and Fragmentation

(1) In 1749, a regulation was put into operation according to which the surveyors had to endeavour to induce the landowner to carry out the division of his estates in such a manner as to give as far as possible each claimant his share in a single holding and to reduce the number of partitions to the strictest minimum.

(2) A regulation of 1757 gave every landowner in the village full rights to demand a general repartition with a view to getting the scattered plots consolidated.

(3) In 1807, each landowner was given the right to demand all his share of land in one block.

(4) In 1827, a law was passed which required that the parcels falling to the share of each claimant should form as connected plots as their character and situation permitted.

As a result of these laws, land over a greater part of the country was repartitioned. Between 1828 and 1905, over 80 thousand peasants with their families or nearly a third of the peasant landowners in Sweden left their original village to live on their lands consolidated in big blocks. The measure of success of these efforts is indicated further by the fact that each holder, at the end of this period, obtained land in 2 plots against an average of 42 plots—and in some cases not less than 94—before the repartitioning work was started.³⁶ By the close of the 'twenties, the consolidation work was nearly completed owing to these laws which also helped to establish a rational system of division of land.

Results of Reforms

The success of these efforts towards establishment of owner operated farms and maintenance of holdings of economic size is evident from the statement over-leaf, giving the distribution of holdings according to size in 1932.³⁷

³⁵ Vide Patil op. cit., p. 39 and Land Tenures in Europe p. 38.

³⁶ Patil p. 43.

³⁷ Monograph on Sweden—League of Nations. p. 15.

| SIZE | UNDERTAKINGS | | AREA | |
|---------------|--------------|------|-----------|------|
| | Number. | % | Hectares. | % |
| Below 2 ha. | 121,238 | 28.3 | 149,236 | 4.0 |
| 2 to 20 ha. | 271,887 | 63.5 | 1,989,674 | 53.4 |
| 20 to 50 ha. | 27,997 | 6.5 | 842,098 | 22.6 |
| 50 to 100 ha. | 5,100 | 1.2 | 348,794 | 9.4 |
| Over 100 ha. | 2,395 | 0.5 | 394,823 | 10.6 |
| All Holdings | 428,617 | 100 | 3,724,625 | 100 |

The progress in this direction is more evident on comparing these figures with those for an earlier period. As compared to the position in 1911³⁸ the area under cultivation in 1932 increased from 3.3. million to 3.7 million ha. and the number of holdings from 359,871 to 428,617. In spite of this increase in the total number of undertakings, there was a decline in the proportion of holdings above 20 ha. from 11 per cent to 8 per cent of the total while those below 2 ha. increased from 25 per cent to 28.3 per cent during this period. The proportion of holdings between 2 and 20 ha. shows an increase of only .5 but the increase in their number is in fact greater as it is concealed by the increase in the total number of undertakings. The small holdings below 2 ha. in Sweden, as in Norway, represent mostly part-time holdings owned by cultivators who have some other pursuit with which to supplement their income from agriculture. Moreover, they account for only 4 per cent of the cultivated area. It is holdings between 2 and 20 ha. covering over half the area and accounting for about 64 per cent of the total number which form the real backbone of Swedish agriculture. The other important fact to be reckoned with here is that 80 per cent of these undertakings are owner-cultivated.

On the whole, the land-reforms carried out in Sweden compare very favourably with the best in any other country of Western Europe. It was these reforms which encouraged the Swedish farming community to undertake land improvements and to adopt better standards of cultivation. Between 1871 and 1935, the cultivated land in Sweden increased from 2.9 million to 3.9 million ha. or by about 33 per cent. but the annual harvest increased during this period from 580 thousand units to 1,078 thousand units or by nearly 86 per cent. Similarly, in the case of livestock farming, the number of cows increased from 1.3 million to 1.9 million or by 46 per cent. while the production of milk increased from 1.3 million tons to 4.6 million tons or by nearly 254 per cent.³⁹ There can be little doubt that if as a result of this striking rise in the agricultural income the Swedish farmers have raised their living standards, it is the land reforms which paved the major part of the way towards this national improvement.

³⁸ Patil. p. 33.

³⁹ Monograph on Sweden—League of Nations—Table. p. 19.

PART II

Agrarian Reform Zone

The countries dealt with so far show a predominance of extractive and manufacturing industries, commerce and transport in their economy. In most of them, the percentage of population engaged in agriculture ranged from two-fifths to one-fourth ; these may be called the **industrial-agrarian** countries. Now, we come to a region where the agricultural classes comprise roughly two-thirds to three-quarters of the total occupied population. This is Agrarian Europe, *par excellence*. These countries are densely populated and if the soil provides a reasonably good standard of living to the agriculturists, it is in no small measure to the radical policy of land reform.

It may, however, be noted that even within this group, the tempo of legislation varied from country to country. While Bulgaria, Hungary and Finland sought no more than to slightly modify land tenure by moderate measures, Poland, Czecho-Slovakia, Rumania and Yugoslavia effected extensive reduction of large estates by resorting to more radical legislation. The most radical measures were adopted by the Baltic countries which aimed at almost complete liquidation of large estates with a view to replacing capital concentration and hired labour in agriculture by peasant proprietorship.

10 BULGARIA

Introductory

Bulgarian agriculture has to cope with more drawbacks than, perhaps, any other country on the Continent. Of the total land area of 10.3 million ha. only 3.8 million ha. or 36 per cent. is cultivated. Yet, as much as 78.53 per cent. of the Bulgarian population is dependent on agriculture. With a relatively low proportion of agricultural area, this country has a very high density of agricultural population which is exceeded only by that in Switzerland. This extreme dependence on agriculture is further accompanied by more or less poor soils, an irregular climate and a high birth rate. The population of the country increased from 2.9 million in 1880 to 6.1 million in 1934, that is, more than doubled while the area under cultivation increased by a little over one-quarter during this period. In addition to these factors, three others which depressed Bulgarian agriculture were: the disintegration of holdings owing to the law of inheritance which allowed equal sharing of property among all heirs, loss of vast tracts after the war of 1914-18, and the influx of refugees which created "land famine" after World War I.³⁹

Agrarian reforms, therefore, had to be ushered in as an important part of the reconstruction policy in the post-war period. The main plank in this policy related not to expropriation of large estates, which were of secondary importance in this country, but to equitable distribution of land which had to be effected as between medium-sized and small properties. The immediate legislation passed in 1921 for this purpose was based on the principle that land should belong to those who cultivate it. This measure was amended in 1924 by an enactment which sought to give land to genuine agriculturists and agricultural labourers as well as to poor settlers and refugees with agricultural experience who had insufficient land or no land at all. To facilitate this objective, maximum areas were fixed per family viz., 30 ha. for properties worked on lease, with 5 ha. for each member of the family. Lands in excess of these limits were to be expropriated—except in the case of model undertakings which could retain land upto 150 ha. The principle of compensation to private owners was admitted but payment was at a decreasing scale for larger properties.⁴⁰

Land Development

To attend to the execution of land reforms, a separate Land Department was established in 1924. Also, a special law was passed for the settlement of refugees which made available for them land and agricultural implements. A special network of independent service organisations

³⁹ The Balkans—Royal Institute of International Affairs—(1945) p. 63.

⁴⁰ Monograph on Sweden—League of Nations. Table p. 19.

carried out this work and allocated land and implements for 30,000 families of agricultural refugees. In this scheme, the Bulgarian Government was assisted by the League of Nations under whose auspices a loan of £250,000 sterling was raised to help the organisation in charge of agricultural undertakings.

Terms of Purchase

In 1938, the existing land legislation was supplemented by a special law which laid down that the price of allotments should be fixed separately for each locality and for each type of land but should in no case exceed 50 per cent. of the market value of the land during the year 1932. Payment, as in the case of earlier allotments, was to be in twenty equal annual instalments, the first payment becoming due in the year in which the equipment of the undertaking was complete. These provisions were widely availed of and thus helped the Government to settle by 1936 100,000 families with little or no land on 269,000 ha. Including the subsequently settled families, 160,000 families comprising about one million individuals or nearly 20 per cent. of the total population of the country were newly settled by 1939.

Extension of Cultivation

Attempts were made at the same time to increase the area under cultivation. The sown area which was 64 per cent. of the farm area in 1926 was increased to 75 per cent. in 1929 by reducing the extent of fallow and meadow lands. Since 1937 a Land Settlement Department has undertaken the work of transferring the people from regions which are unproductive, overpopulated or liable to floods to areas which would provide them with a better subsistence. The Department is also to attend to re-afforestation, and to construction of reservoirs for improving the living conditions of the farmers where lands are unfit for cultivation owing to torrents.

Consolidation of Holdings

Bulgaria being a country with excessive pressure on soil, the free play of the law of inheritance led to extreme subdivision of land. This fact was taken into account when enacting the Law on Agricultural Holdings in 1924 which provided for the reintegration of scattered and divided property and established a special organisation to undertake this work. Consolidation was not compulsory but could be effected at the request of 50 per cent. of the owners in the locality or if the owners making the request held 50 per cent. of the land affected by the application for reintegration. The major part of the costs regarding the survey work for this purpose was borne by the Government. Though lack of funds handicapped speedy work, lands of 28 villages covering an area

of 98,100 ha. were finally reintegrated by 1939 and the lands of 34 others with an area of 130,000 ha. were in process of reintegration, while 65 more villages making a total area of 200,000 ha. had submitted requests for consolidation and re-alignment.

Rehabilitation of Uneconomic Holders

The uneconomic holders were re-habilitated by the provision of additional land under the agrarian reforms. The results of this policy of establishing new economic undertakings are reflected in the following statement.⁴¹

| Size of holding. | Number of Undertakings. | | | | Area of Undertakings. | | | |
|------------------|-------------------------|------|---------|------|-----------------------|------|-----------|------|
| | 1897 | % | 1934 | % | 1897 | % | 1934 | % |
| Under 2 ha. | 94,921 | 20.8 | 174,588 | 23.4 | 94,403 | 2.9 | 195,33 | 4.8 |
| 2 to 5 „ | 136,235 | 29.8 | 292,064 | 39.9 | 469,992 | 14.5 | 992,696 | 24.6 |
| 5 to 10 „ | 132,849 | 29.1 | 185,497 | 24.0 | 947,320 | 29.3 | 1,284,737 | 31.9 |
| 10 to 30 „ | 85,530 | 18.7 | 89,605 | 12.0 | 1,302,340 | 40.0 | 1,322,963 | 32.8 |
| Over 30 „ | 7,431 | 1.6 | 4,921 | 0.7 | 420,656 | 13.3 | 236,125 | 5.9 |
| | 456,972 | 100 | 746,675 | 100 | 3,234,716 | 100 | 4,031,852 | 100 |

Results of Reforms

It will be seen that between 1897 and 1934, the total area covered by the undertakings increased by .8 million ha. while the number of undertakings increased by nearly 300,000 units. The law has achieved its objective of creating small holdings to an appreciable extent as it is evident from the fact that the major part of the increase in the number of holdings is in the case of holdings below 10 ha. In the new order that has been established, it is also the holdings between 2 and 10 ha. which have gained the utmost of the area and increased their extent from 43.8 per cent. of the total area in 1897 to 56.5 per cent. in 1934. The fact, however, cannot be overlooked that small holdings below 2 ha. are fairly large in number but as a set off against this it must be noted that almost all these undertakings are directly worked by the owners themselves since hardly .1 per cent. of the properties in Bulgaria are given on lease. The small size of the holdings restricted to a little over a fifth of the total properties covering less than 5 per cent. of the total cultivated area cannot be considered a serious drawback, particularly in a country where direct

⁴¹ Economic Demography of Eastern and Southern Europe. By Wilbert E. Moore, (League of Nations, 1945). p. 251.

working is almost the rule,⁴² and where there is sufficient scope to supplement the agricultural income by taking to cattle raising, dairying, wine brewing, bee-keeping, sericulture and such other subsidiary occupations. There is hardly any unemployment on the land, tenants and hired labourers together forming only 1.06 per cent. of the agricultural population.

11 HUNGARY

Introductory

Hungarian agriculture stands on a firmer foundation than that of Bulgaria. Of the total land area of 9.3 million ha. nearly 6 million ha. or 64 per cent. is cultivated while 52 per cent. of the population is dependent on agriculture. As a result, the density of agricultural population is nearly half that of Bulgaria. What is more, the soil, as indicated by the average of crop yields, is more fertile and cattle raising and poultry farming are important pursuits allied to agriculture.

Redistribution of Property

What hindered agricultural progress in Hungary was not excessive density but inequitable distribution of property which remained as a relic of the old feudalism. The land reform legislation, therefore, was primarily a social reform aiming at a better distribution of landed rights. The Decree of 1917 and the Agrarian Reform Law of 1920 together sought to place land in the hands of genuine agriculturists and not of speculators. Accordingly, a Land Reform Court with extensive powers to designate the lands to be expropriated and to determine the proportions to be distributed was established. As a rule, large estates were expropriated up to a point which left sufficient area for rational cultivation by the owner; in the case of properties purchased during the war of 1914-18 or within the preceeding 50 years, the whole of the estate could be expropriated. These provisions were re-inforced in 1921 by the Capital Levy Act which required the proprietors to pay a certain part of their net income as a capital levy. This levy could be paid also in land, in which case a certain percentage of the total acreage was segregated from the estate. Payment in land was obligatory for estates in which total area exceeded 100 arpents (i.e. about 58 ha.); the proportion to be segregated varied between 15 and 20 per cent. of the total area according to the size of the estate.⁴³ Landless agriculturists were to receive not more than 3 arpents (i.e. 1.74 ba.) while uneconomic holders were allowed sufficient land to consolidate their holdings upto a maximum of 15 arpents (i.e. 8.7 ha.).

⁴² In Bulgaria, 97 per cent. of the properties are worked by the owners and members of their families, forming 98.9 per cent. of those gainfully occupied in agriculture; 2.9 per cent. of the undertaking are cultivated by the owners with the help of hired labour and the remaining .1 per cent. are worked by tenants. Vide Land Tenure System in Europe. L. of N. p. 68.

⁴³ Morgan—Agricultural Systems of Middle Europe. p. 221.

The Family Trust Law

By 1936, the above measures reduced the area of big estates by about 600,000 ha. as a result of which 412,000 farm families benefited. This was far below what was expected of the reforms and so two more radical laws were passed in 1937. The Family Trust Law provided for the breaking up of impartible trust estates by laying down that only 30 per cent. of such properties could remain subject to the ban on alienation. The other enactment of that year, called the Land Settlement Law, authorised the State to purchase certain categories of land required for the purposes of colonisation. These categories included land taken for tax obligations, land confiscated by legal sentence, land acquired by forestalling, property of mortgage-banks acquired by public sale, one quarter of properties above 4,000 acres, one-third of properties above 1,500 acres which had been acquired by inheritance between the years 1914 and 1936, Municipal property, and that of religious endowment. In the case of properties acquired between 1914 and 1936 the owners could be compelled to cede anything beyond 1,000 arpents (580 ha.), which was the minimum area to be left to a proprietor. The State could also exercise the right of pre-emption wherever necessary for this purpose.

Compensation to Dispossessed Owners

The dispossessed owners were to be compensated to the full value of land. Originally, the purchase price was paid by the beneficiary directly to the former proprietor. But since 1929, the responsibility for this payment was assumed by special credit institutions created for that purpose. During the depression which adversely affected the paying capacity of the agriculturists, Government granted various credit facilities to the new holders and, finally, in 1937, reduced the purchase price by a third. It was provided that the property could be re-purchased by the State if the purchaser failed to cultivate it or cultivated it badly.

Atleast two-thirds of such compensation was to be paid in cash and the balance in 25 equal annual instalments amounting to capitalisation at 3½ per cent. The allotment holders were required to possess certain minimum capital so as to ensure that they would be able to discharge the liabilities involved in taking over an allotment. Agricultural labourers, however, were exempted from this condition and were even granted loans for the purchase of farm equipment and supplies. The plots became the properties of the beneficiaries only when 50 per cent. of the purchase price was paid up. The holdings could not be alienated or mortgaged during the first 32 years of ownership. Between 1936 and 1938, about 41,000 ha. were further acquired and utilised for constituting small holdings and consolidating dwarf-holdings and as a result 13,000 farm-families were helped to become owners of economic holdings.

Plan For State Lease-holds

In 1939, a more radical measure was felt necessary as progress under the existing measures was considered to be not sufficiently rapid. A new bill was framed and was under consideration of the Parliament whereby the Government could distribute about 870,000 ha. to the landless cultivators within a period of ten years. An important innovation which this bill sought to introduce was to replace full ownership of small farmers by a system of small leaseholds under State ownership of land.

Size of Holding

The law of succession in Hungary permitted equal sharing of property, though in some parts the custom of transmitting property undivided prevailed among the peasants. The country, therefore, could not escape the problem of unduly small holdings. But the land reforms while raising the area covered by peasant owned farms to 85 per cent. of the total cultivated land also took cognisance of this aspect of the problem and reserved a considerable part of the expropriated land for enlarging small holdings. Latest data indicating the results of the more radical measures taken after 1936 are not available but even earlier figures throw enough light on the possibilities of success of such legislative efforts. The land reforms increased the area in the hands of the small holders from 46.6 per cent. of the total area to 52 per cent. and that of medium holdings from 16.5 per cent. to 18.3 per cent.⁴⁴ In 1935, the distribution of holdings according to size was as follows:⁴⁵

| Size. | Percentage of Holdings. | Percentage of Area. |
|--------------|-------------------------|---------------------|
| Up to 5 ha. | 67.7 | 14.6 |
| 5 to 10 ha. | 17.3 | 12.0 |
| 10 to 50 ha. | 13.3 | 22.1 |
| Over 50 ha. | 1.7 | 51.3 |
| | <hr/> 100 | <hr/> 100 |

Holdings below 1 ha. formed 38 per cent. of the total. These holdings, however, are not necessarily uneconomic as the owner is, in many cases also a lease holder of an additional plot of land; moreover, cultivation is generally intensive and on the lines of improved forms of farming. Nevertheless, it was necessary to check the breaking up of these small holdings and for this purpose certain new types of settlement were made inalienable and unmortgageable and the succession of their inheritance was strictly determined. Owners of small holdings whose primary profession is farming could also voluntarily have the property entailed, in which case it could not be alienated or mortgaged but was subject to strict adherence to the deed of entailment.

⁴⁴ Imre Szladits. *Proceedings of the Fifth International Conference of Agricultural Economists*. p. 185.

⁴⁵ *Economic Demography of Eastern and Southern Europe*,—League of Nations. p.84.

Tenancy

The Hungarian Government has not interfered with the tenancy rights and obligations. In fact, no rules in this connection have been framed. State interference in this regard was felt unnecessary as the customary laws relating thereto which have established themselves are not unfavourable to tenants. Moreover, only 15 per cent. of the cultivated area was held under lease in 1935 and this could be expected to fall further with the progress of land-reforms.

Large estates have not completely disappeared in Hungary and they still cover a considerable part—nearly a third—of the cultivated area. But Hungarian agriculture is now on firmer foundations than ever before owing to the acceptance of the principle by the Government that the traditional land laws and the existing land rights have to be interfered with so as to build up a powerful peasant class which is considered essential for the country's social and economic stability.

12 FINLAND

Introductory

Finland with a land area of 34.8 million ha. has only 2.6 million ha. or 7.5 per cent. of the land under cultivation, and .9 million ha. under permanent meadow and pasture. The rest of the land is covered mostly by forest and uncultivated productive land. Forestry and livestock industry are important branches of Finnish rural economy. Out of the 3.4 million of the country's population, 2 million or 59.6 per cent. are dependent on agriculture and allied pursuits.

Even at the beginning of this century, attention of the Finnish Government was drawn to deterioration of agriculture owing to the low proportion of the cultivated area as against the preponderance of agriculturists in occupational distribution of the population. An investigation in 1901 showed that out of a total of 478,142 families in the rural areas, only 110,629 or 23 per cent. owned any land for cultivation while 160,525 or 34.1 per cent. rented lands; the remaining 43 per cent. rural families had no land at all to cultivate and, therefore, depended on more or less casual employment.⁴⁶

Redistribution of Properties

Attempts to rehabilitate agriculture started as soon as the four-State Diet was replaced by a single chamber elected by universal suffrage. It was realised at this time that sufficient land could be made available to accommodate the vast number of landless agriculturists both by adopting a vigorous policy of land settlement and by bringing about a better distribution of property rights. Accordingly, a settlement scheme was launched, backed by large credits allocated by the Government for this

⁴⁶ Monograph on Finland—League of Nations—p. 11.

purpose. This grant was utilised for buying properties and distributing them among landless people and for giving loans to communes and co-operatives for the purchase of land for settlement. By 1920, over 9,000 farm properties were established, and some 4,500 plots were allotted for dwelling houses while 1,500 properties that were too small were enlarged.

Redemption of Leaseholds

More active work in this direction started after the declaration of independence of Finland in 1917. The preponderance of lease-holders among the cultivators was considered an unhealthy factor in the country's agriculture and in 1918, that is, within a year of the declaration of independence, a law was promulgated which provided for State assistance to tenants desiring to acquire the land they cultivated on lease. In 1921, this measure was further applied to some 5,000 lease-hold properties of parish land. In 1922, the law brought the State domains within the scope of this policy. This reform was a creditable success as the tenants freely availed of this right to purchase. Between 1919 and 1936, tenants of 119,583 lease-holds became independent farmers, and as a result, the population of tenants fell low to 5.5 per cent. of the total agricultural population.

Establishment of Family Farms

Meanwhile, other measures were taken to speed up this policy of establishing independent peasant farms. In 1922, a law was passed which, as amended by another law of 1927, established two categories of settlement viz. land for cultivation and land for erecting dwelling houses with small plots of land adjacent to them. Land for the former purpose was to be obtained, in the first instance, from the State domains and then by voluntary purchase of land held in a usufructuary mortgage by the clergy and owned by the communes, limited liability concerns, co-operative societies, associations and individuals. Private property was to be expropriated where the land required could not be obtained in any other way. Moreover, properties below 200 ha. were exempt from expropriation. In effecting land settlement, the individual concerned was granted a loan to buy land approved by the Settlement authorities or, alternatively, the State bought up the land and sold the same in plots. Till recently, the former system was the one more popularly adopted. Settlement on private land is financed out of the State Land Settlement Fund which is employed almost exclusively in the form of loans to the communal settlement funds which are guaranteed by the communes; the latter in turn granted loans to individuals and guaranteed repayment to the State fund. The administration of each communal fund was entrusted to the Land Settlement Commission while applications for loans were dealt with by the Land Settlement Bureau of the Ministry of Agriculture. Loans for purchase of land were repayable at 4 per cent. per annum and carried interest at 3 per cent. on the amount remaining outstanding.

By the end of 1937, most of the rural communes had their settlement fund. They had granted, altogether, over 15 thousand loans for the purchase of agricultural properties of 15 to 40 ha. 12.5 thousand loans for the purchase of additional land to enlarge small plots and 10 thousand loans for the purchase of housing plots. In addition, the State Land Settlement Fund granted a number of loans to corporations and communes for the purchase of land covering 222,600 ha. and thereby facilitated establishment of 4,081 new agricultural properties, 1,037 farm dwellings and enlargement of 1,199 uneconomic holdings. The State prepared the plan for the settlement and carried out the necessary cleaning and construction works before settling the farmers on land.

Settlement on State Owned Lands

The State also used its forest land, domain and other land for settlement purposes. Settlements on forest land were created either on the initiative of those wanting land or the Government's own initiative; in the latter case, the preliminary work such as draining of marshes, making of roads etc., was the responsibility of the Government. In the State's domains, a settlement plan was prepared on the expiry of their lease and the lands were sold in small allotments for cultivation.

Results

As a result of this settlement policy, a total area of 1.02 million ha. was brought under cultivation during the period 1899 to 1937.⁴⁷ This area was utilised for establishing 23,157 new undertakings and 12,792 dwellings with small plots of land adjacent while 15,030 holdings were enlarged by granting additional land.

Terms of Purchase

The purchase price for the allotments was fixed with due consideration to the prices prevalent in the region. In case there was a sudden rise in land-values, the purchaser was charged not more than the average price of land in the locality during the preceding 5 years for land of the same quality transacted by private contract. In the case of purchasers of uncleared land which needed some investment of capital, Government granted loans and exempted deserving settlers from payment of the annual interest thereon for a period not exceeding 10 years, provided they undertook to carry out certain improvements.

Assistance to Settlers

In certain cases, settlers were given bonuses for clearing and cultivation though, as a rule, the bonus was not paid in cash but was utilised to

⁴⁷ Land Tenure System in Europe p. 70.

pay off the State loan. A number of loans were also granted without interest for the purchase of agricultural implements. Further assistance was rendered to these settlers by organising an Information Service which was in the hands of agricultural advisers of peasant associations and agricultural societies, to guide, supervise and advise on the extension of the settlement works with a view to developing the settlers into competent farmers.

Regulation of Rights in Land

At the same time, laws were passed to protect the peasants from lapsing into their former state and becoming landless tenants and labourers. For instance, the law provided for keeping the prices of the properties in a fixed relation to their value and output so as to prevent speculation in land. It was further provided for this purpose that where settlement properties are being sold or changing hands, the State in the first instance and subsequently the Commune have a right of pre-emption; the purchase price was to be reckoned in a manner prescribed by the law. No settlement property could be leased, either in whole or in part, without the consent of the Land Settlement Commission. The Commission could also prohibit any single person from acquiring several such properties. Settlement properties were subject to these provisions for a period of 20 years as from the date of their entry into the Land Register.

Enlargement of Holdings

Finland, as already pointed out, having a relatively less cultivable land for the large proportion of agriculturists could not escape the problem of uneconomic holdings. Increasing the size of holdings has, therefore, been an integral part of the agrarian reforms in this country. Thus the settlement policy made a liberal provision of land for allotment of additional land to uneconomic holders. Another novel method adopted to reduce the number of uneconomic undertakings was the extension of the grant of bonus to small peasants for extending the cultivated area of their holdings. The system of land clearing bonuses having been a success a budgetary provision was made in 1931, for a regular credit to be distributed among small peasants for clearing the adjoining agricultural and grazing land. For the purposes of determining the bonuses to be granted, small holdings were divided into 3 groups viz. those between 5 and 10 ha. those between 2 and 4.99 ha. and those below 2 ha.; the bonuses granted to these groups was 15 per cent., 20 per cent. and 25 per cent. respectively of the cost, but subject to a maximum limit laid down for each group. The bonuses were paid in two instalments, the first on the execution of at least half the projected work and the rest on the completion of the project which generally took 2 years. A similar enactment which encouraged the extension of small holdings was the law of 1934 which provided for writing off bad debts in return for the clearing of agricultural land on certain properties.

Loans and Subsidies

In 1937, the budget provision for the grant of bonuses was renewed for a further period of five years. During the years 1928-37, these various measures encouraging land clearing operations added 160 thousand ha. of arable land and 13 thousand ha. of grazing land to small properties. Loans were also made available from the Land Settlement Fund to peasants with a maximum of 15 ha. of arable land for clearing work. The State subsidies and loans have played a significant role in increasing the capital of the small farmers and rehabilitating their economy.

Succession and Size of Holdings

While encouraging at one end the growth of economic holdings, measures were necessary to prevent the aggravation of the evil of un-economic undertakings at the other, and, with this end in view, two important provisions were included in the Finish Law. Firstly, under a law of 1936, persons desirous of purchasing the shares of the co-heirs were made eligible to loans from the Land Settlement Fund. These loans were repayable at 5 per cent. per annum and carried interest at 4 per cent. on the amount remaining outstanding. Secondly, it was laid down that settlement properties are prohibited from being divided without the consent of the Land Settlement Commission. Latest figures showing the distribution of holdings according to size in Finland are not available and it is therefore not possible to indicate fully the improvement in the position in this regard. The only available figures, given below, relate to the year 1929 which, nevertheless, show that even when the reforms were half underway, the situation was not far from satisfactory.⁴⁸

| | Number of undertakings | | Cultivated land | |
|-----------------|------------------------|-------|-----------------|-------|
| | Number | % | Area | % |
| 0.25 to 2.0 ha | 78,101 | 27.0 | 73,417 | 3.3 |
| 2.0 to 10.0 „ | 141,376 | 49.5 | 677,343 | 30.2 |
| 10.0 to 25.0 „ | 51,757 | 18.0 | 767,112 | 34.2 |
| 25.0 to 50.0 „ | 12,240 | 4.2 | 402,125 | 17.9 |
| 50.0 to 100.0 „ | 2,865 | 1.0 | 187,111 | 8.3 |
| 100 ha and over | 832 | 0.3 | 138,111 | 6.1 |
| Total | 257,171 | 100.0 | 2,245,219 | 100.0 |

Farmers With Subsidiary Incomes

The above table needs some explanation. The figures relate only to arable land and thus exclude forest land which is an important asset of

the small cultivators. Finland is one of the richest countries of Europe in forests. Practically all Finnish farms possess forest land, 77 per cent. of the farmers having as much as 11 million ha. of forest area which is four times the cultivated land. These forests save the farmers buying fuel, yield considerable income from the sale of standing timber without entailing any large investments of capital and also give additional employment in felling trees, floating timber and other forestry work. In the timber trade, for instance, small peasants or persons who may be included in this category constituted 45 per cent. of the total workers. Income from forestry thus plays an important part in consolidating the position of the small holders who have not enough of arable land.

The results of the reforms can be appreciated better by comparing the situation at the end of the thirties with that at the beginning of this century. During this period, the proportion of tenants to total agricultural population had declined from 34 to 5.5 per cent. while that of the peasant landowners had risen from 23 to 63 per cent. Liberal financial assistance and a firm determination to carry out the reforms made this creditable achievements possible. Behind all this progress lies the noteworthy fact that the agricultural population in Finland has always played an important part in the country's politics. In 1906, the peasants established their own political party which has participated in nearly all the Governments formed since the country became independent.

13 POLAND

Introductory

With nearly 25.6 million ha. or 66 per cent. of the land area under cultivation, permanent meadow and pasture, Poland is one of the foremost among the European countries from the point of view of area used for agricultural purposes. Of the total cultivated area 60 per cent. is under cereals and 10 per cent. under fodder crops other than cereals. In 1931, as much as 62.8 per cent. of the total population was dependent on agriculture.

Deteriorating Agriculture

The last century witnessed a very rapid growth of population in Poland; from 9.1 million in 1800 it increased to 27.2 million in 1921 and to 32.2 million in 1931. The economic development, on the other hand, was slow, with the result that there was over-crowding in the villages; the proportion of the occupied rural population decreased from 63.3 to 60.2 between 1921 and 1931. All this had profound influence on the agrarian structure and on changes in the ownership of land, the size of holding and on the contractual relationship between the landlord and the tenant. The unfavourable political atmosphere further aggravated these evils and

the agricultural structure was characterised by the following drawbacks on the eve of Poland's independence after World War I.⁴⁹

(1) A large part of the agricultural population—nearly 31 per cent. of the total—was without any land.

(2) Nearly 2.1 million out of a total of 3.3 million farms in 1921 were below 5 ha. which is the minimum required for an economic holding in Poland.

(3) At the other extreme, there was considerable concentration of property in the hands of large landowners. A little more than one-half per cent. of the holders owned 43 per cent. of the land in cultivation and 27.5 per cent. of the arable land.

(4) There was extreme sub-division of holdings and the small plots were found scattered all over the village. Such "chessboard" farms numbered 47 per cent. of the total farms, 11 per cent. of them being divided into 6 to 10 parcels and 6 per cent. into more than ten.

(5) Lastly, a large number of farmers were bound in servitude to bigger proprietors who were granted certain special rights on the farmers' land by the Tsarist Government. This, as indeed was the aim of the Government, led to disharmony among the small peasants and the bigger estate-owners in the village.⁵⁰

Expropriation of Estates

As in Finland, no sooner Poland acquired independence in 1918 than land reforms became the main preoccupation of the public opinion and a leading social issue. All parties were agreed on the necessity of these reforms—except, of course, the big proprietors who put forward all sorts of arguments, national, cultural, military and economic, against such a move. Land reforms started with the proclamation by the Government in July 1919 that the agricultural system of the Republic must be based "on strong, healthy peasant husbandries capable of considerable agricultural production". The principles on which the reforms were to be based were embodied in a law passed after 5 days of the proclamation. This law provided for the assignment of land, first of all from State properties and from estates belonging to various types of public institutions, and also for the compulsory purchase of land for parcellation from private estates. In regard to the last, the law allowed buying out certain categories of estates in their entirety, while in the case of others, only surplus land above a certain maximum right of ownership laid down in the law could be so purchased. These limits were fixed in view of the employment provided to agricultural labourers on the estates which were cultivated by the owners themselves with the help of hired labour.

⁴⁹ Prof. Ferdynand Zweig. *Poland between Two Wars*. pp. 130-31.

⁵⁰ Morgan. *Agricultural Systems of Middle Europe*. p. 164.

Compulsory Parcellation

This law was amended in December 1925, as it was found that the provisions in the previous law were complicated and could not be implemented easily. The new law, instead of applying the compulsory purchase directly to these estates, made only parcellation compulsory; only when the landowner did not carry out his legal obligations by parcelling out his estates was the State to resort to compulsory purchase. The Government was to publish every year general plans for parcellation and a list of specified estates. The proprietors were then required to effect parcellation in the prescribed manner or to sell the land to the State Land Bank for parcellation.

Results

Holdings created or enlarged as a result of the parcellation could have a maximum area of 49.4 acres, except in certain regions where a maximum of 86.5 acres was allowed. Similarly, where a model farming centre could be opened, the allotment could have an area of 148 to 185 acres. On the other hand, smaller allotments up to 12.4 acres were allowed for creating a market-garden and up to 4.9 acres for rural crafts. In allotting the parcelled land, owners of undersized farms in the neighbouring villages were to have priority next only to agricultural labourers and other workers who lost their jobs as a result of the parcellation of the estate on which they worked.

Compensation to Estate Owners

As for the compensation for expropriated land, the first law provided for compensation of half the value of land, but the amended Act sanctioned full compensation of which half was to be in cash and half in Government bonds. The buyer of the allotment was to pay 5 per cent. of the value in cash and for the remainder he was given credit spread over 41 years. Those who needed finance for this purpose could obtain loans from the State Land Bank. It was estimated that total land available for distribution under these provisions would be 5.5 million ha. by 1939. In practice, however, it was found difficult to keep pace with this plan, particularly after 1928, partly due to the economic depression and partly to a shift in the emphasis of the reform from parcelling of estates to consolidation and reconstruction of holdings, liquidation of servitudes and land improvements. Nevertheless, between 1919 and 1938, about 2.7 million ha. were parcelled out as a result of which 153,600 new holdings were created and 503,000 holdings were enlarged.⁵¹ The average area of the new holdings formed was 9½ ha. while the additional area given to enlarge small holdings averaged 2 ha. Including land allotted to workers,

⁵¹ Monograph on Poland—League of Nations—p. 13.

scientific institutions and for creating model farms, there were created altogether over 694,000 properties from the land obtained through parceling of estates.

Land Reclamation

The insufficiency of land made available for settlement by parcellation soon brought to the front the question of reclaiming the vast area of Polesian marshes. The Polish Government called on the League of Nations to draw up a report on this matter with a view to preparing the ground for large scale international investments in these schemes. A special Committee of Experts having studied this problem presented a Report which was communicated to the Polish Government through the League in 1927. As a result, the Government appointed a special Bureau whose task was to work out a scheme both technical and financial, for the improvement of Polesia. The detailed scheme had to be based on research on the physical and chemical characteristics of the soil, the climatic conditions, and such other factors. Before the beginning of the recent war, the Bureau worked very hard and published reports on its researches but the scheme had not been completed.⁵²

Land reclamation on a smaller scale was being assisted by the Government—particularly through research on the possibilities of soil improvement carried on at the Farm Institute and through credits to enable peasants to undertake these improvements. This assistance was found to be of immense value; for instance, the drainage of swamps and treatment with chemical fertilisers at a low cost raised the yield of pastures from 2 quintals of rye to 20 to 30 quintals per ha.

Consolidation of Holdings

The extremely small size of the holdings and interposition of fragments of one property with those of other properties before the advent of land reforms have already been noted. Out of 3.3 million farms in 1921, 1.1 million or nearly a third were below 2 ha. Reforms in this sphere were a dire necessity as otherwise the evil would have been accentuated by the law of inheritance which permitted division of property among all heirs. It was, therefore, natural that the law regarding parcelation also included provision for the enlargement of farms and gave priority to such demands over those of the normal landless agriculturists. Furthermore, a special law was enacted in 1923 providing for consolidation of holdings. This work could be undertaken in an administrative unit by the agricultural authorities on the request of a small minority of interested owners, and in certain cases, where the interests of the reorganisation of the system demanded it, even without any request on their part. This

⁵² Ferdynand Zweig. *op. cit.* pp. 137-38.

element of compulsion gave the State considerable powers to take the initiative, the wishes of the individual being considered only where any buildings also had to be shifted. In the latter case, landowners who moved their buildings to land acquired by consolidation received advances in cash or in building material from the agrarian reform funds. Official encouragement to farmers to avail of the law was in the form of exemption of consolidated properties from the State Land Tax.

These provisions were successfully implemented and the average area consolidated annually increased from 59,400 acres before 1923 to 717,600 between 1923 and 1931. The pace of work thereafter slowed down owing to the slump in agriculture till 1933 when the area consolidated increased to 935,000. Between 1935 and 1938, as much as 1,140,000 acres were consolidated on an average every year. In short, by 1939, the "chess-board" distribution of plots had been abolished over an area of 5.4 million ha. (13.4 million acres) effecting 859,000 small peasant farms.⁵³ Credits were given freely in cash and kind by the State to those who took to this improvement work and this helped to increase the size of their undertakings and to have their distribution on a rational basis.

Land Tenures and Tenancies

An unhealthy factor in Polish agriculture was the prevalence of land "servitudes"⁵⁴ i.e. uses and services put on one property for the benefit of the owner of another property. These servitudes allowed, for instance, the right to grazing, collecting fuel and timber, the right of way for cattle and vehicles etc., and thus proved a bone of contention between the interested parties. In the latter half of the 19th century, the Tsarist Government created another type of servitudes by guaranteeing certain privileges to the peasant which brought them into conflict with the landlords. In 1919, some 10 per cent. of the holdings were bound with estate land by such servitudes.

Another similar drawback in agriculture which Poland had inherited was the system of leasing small holdings on unfavourable terms to the peasants. Leasing at one time was quite uncommon in Poland but, during the last century, the Russian Government had forbidden Poles in certain eastern provinces to purchase land and thus compelled them to resort to leases. Leaseholds also increased at the beginning of World War I when agricultural population in certain regions, voluntarily or under compulsion, evacuated but were unable to acquire land in the new area except on lease. Thus, on the eve of land reforms nearly 2 million acres were held on lease.

Abolition of Servitudes

The first attempt to abolish servitudes was made in 1920 but the law was found to be defective and was replaced by two other laws in 1927,

⁵³ Vide Morgan *op. cit.* pp. 263-64; also Ferdynand Zweig. *op. cit.* p. 130.

⁵⁴ Monograph on Poland. *op. cit.*, p. 14

one to be applied to the central provinces and the other to the eastern provinces in view of the different legal and economic conditions of the two areas. Under these laws, servitudes could be abolished either voluntarily by an agreement on the request of one of the parties, or if its abolition was found necessary, by the Government for the purposes of land reform and improvement. There was due provision for compensation for the expropriated rights, generally in the form of land, but in certain cases it could be made in cash. Altogether, from 1919 servitudes were abolished in the case of 280,000 holdings, 35 per cent. of these being abolished through compulsion. Thereby the Government put an end to an invidious distinction between the rights of ownership and the rights of user in respect of the same land. By 1939 the liquidation of servitudes was nearly completed and it was hoped that in a few years' time the system would be entirely terminated.⁵⁵

Redemption of Small Leaseholds

Simultaneously, the evil of leasing holdings was tackled with equal vigour. In 1919, a law was passed under which a lease could not be cancelled so long as the tenant paid the rent to the extent of the minimum fixed by the law. While the measure was intended to make the position of tenants secure, laws were enacted again in 1927, 1932 and 1938 which provided for the acquisition of land, either by way of a voluntary agreement between the owner and the lessee or by way of expropriation on the request of either party. Compensation for land acquired through expropriation was provided for on the same principles as were applicable in the case of parcelling of State lands.

Complete statistics of the transformation of tenants into proprietors in all the provinces are not available, but in the eastern provinces, nearly 39 per cent. of the small farmers holding their land exclusively on leasehold engagements had become owners as a result of these laws. The scope of these laws was subsequently intended to include small holders owning upto 12.4 acres who rented parts of land. As a result of these measures tenant farming has become rare and "is only found to any considerable extent in connection with small market gardens; but in comparison with the total area it is negligible."⁵⁶

Regulation of Rights in Land

Finally, to ensure enduring results from these measures, it was laid down that land acquired under the Agrarian Reform Law could not be divided, alienated or mortgaged until all loans by the State or the State Agricultural Bank were repaid in full. Further, under a law of 1937, properties acquired as the result of the partition of estates could not be

⁵⁵ Land Tenure Systems in Europe. p. 55.

⁵⁶ Ibid. p. 61.

sold, either in whole or in part, or divided, leased or mortgaged without the consent of the authorities; the owners thereof were also required to work these holdings personally.

Administration of Reforms

The execution of the above mentioned land reforms was entrusted to special administrative bodies, the powers of which are fixed by a law of 1923 defining the functions of the Minister of Agrarian Reforms and outlining the organisation of Land Committees and Land Offices. The Regional Land Committees functioned as regulating and advisory bodies at the Regional Land Offices. Appeals against the decisions of the Regional Land Committees could be made to the Central Land Committee functioning at the Ministry.

Results of Reforms

There is no doubt that though the measures were not revolutionary in character, the comprehensive nature of the land reforms rehabilitated Polish agriculture and placed it on stable foundations. Parcellation of lands and abolition of servitudes transferred altogether 8 million acres to small peasants or nearly half the cultivated area held by big estate owners in 1919. Of course, all estates were not parcelled out, exception being made in the case of those that very intensively cultivated, or produced selected grain crops, and raised pure-bred cattle, thus playing a great part in the dissemination of agricultural knowledge. As a result of these reforms, holdings over 50 ha. decreased from 30 per cent. in 1921 to 20 per cent. of the total undertakings in 1931 while those below 50 ha. showed a corresponding increase from 70 per cent. to 80 per cent. during this period.⁵⁷ The benefits of consolidation can be appreciated from the fact that comparative figures of harvests and livestock production from unconsolidated and consolidated husbandries situated in similar climatic conditions and engaged in analogical cultivation show that consolidation has led to an increase of 50 per cent. in farm production.⁵⁸ On the whole, the laws have been responsible in placing 81.5 per cent. of the cultivable land in the hands of small holders and, in turn, led to an increase in agricultural production varying from 14 per cent. to 44 per cent. in the various crops of the country. This, by no means implies that the agrarian system has been reformed completely. The process of "democratisation of the agrarian system" was to be taken up again after the recent war for the betterment of the great mass of small farmers which is "the strongest of all foundations and the greatest assurance of stability in the economic and the political life of the State."⁵⁹

⁵⁷ Land Tenure Systems in Europe. p. 59.

In 1939, holdings over 50 ha. formed barely 1½ per cent. of the total; holdings not exceeding 5 ha. constituted about two-thirds of the total while about a third of the remainder varied from 5 to 15 ha. *Vide* Monograph on Poland *op. cit.* p. 12.

⁵⁸ Polish Fortnightly Review. (Polish Ministry of Information, London) 15-3-1944.

⁵⁹ *Ibid.*

14 CZEKOSLOVAKIA

Introductory

The Czechoslovak Republic as established in 1918 occupies an area of 14 million ha. and had, in 1930, a population of 14.7 million. About 6 million or 43 per cent. of the land area was cultivated, of which 58 per cent. was under cereals and 20 per cent. under fodder crops other than cereals. The population engaged in agriculture was 2.7 million or 39 per cent. of the total working population.

Defective Land System

When at the end of the First World War Czechoslovakia won free franchise and political power, various measures came to be formulated by the State to better the lot of the people. The first step taken towards this end was to reform the land system of the country, which was both uneconomic and unjust to the cultivating classes. It was economically injurious because an increasing area of cultivated land was passing into the hands of non-cultivating landowners, the small holders were being replaced by tenants, the agricultural workers were leaving the countryside for the town and foreign field labour was being utilised which was cheap but detrimental to efficient cultivation. The tenure system was unjust because it was based and thrived on the usurpation of landed property from the native nobles by a foreign nobility in the 17th Century.

The vesting of political power into the hands of the people in 1918 released latent forces which sought, among other things, to rectify this historic wrong and to develop the agricultural resources of the country. The measure, therefore, had, per force, to be radical if not revolutionary. Over a major part of the country, land was held by big proprietors while the mass of peasants had tiny plots of land or mostly, no land at all.⁶⁰ In Bohemia, for instance, 25 per cent. of the land was owned by 81 per cent. of the proprietors. In Moravia, 33 per cent. of the cultivable area was in the hands of 0.1 per cent. of the owners, and 50 per cent. of the holdings were less than ½ ha. in size.

Expropriation of Estates

The land question was the first issue to be tackled by the National Assembly and in April 1919, the Land Restriction Act was passed which is the basis of all subsequent land reform legislation. This Act recognised the principle of expropriation of property for common good. The following are the main provisions there under :—

(1) The owner should not alienate or lease or mortgage or divide his land without the consent of the proper authorities. This measure aimed at stopping transfers of land by proprietors in anticipation of the radical law providing for expropriation.

60 Vide Agrarian Reform in Czechoslovakia. Prague (1933) pp. 3-4.

(2) Owners were allowed to retain estates comprising not more than 150 ha. of arable land or 250 ha. of various kinds of land. In exceptional cases, however, the limit could be raised to 500 ha.

(3) No compensation was to be paid for lands owned by alien interests. The details of provision for compensation were left to a subsequent measure.

(4) Land not needed for general utility was to be distributed in fee simple or on lease to small farmers, cottagers, tradesmen, landless peasants, legionaries, war invalids, to associations made up of the above mentioned persons, to communities, and to scientific and humanitarian institutes.

(5) The landlord of an expropriated estate could be required to sell at current price the equipment for cultivation along with the land taken over by the State.

(6) A Land Office was to be created for the administration of agrarian reform laws and made responsible to the Cabinet; it was to function under a Board of Control chosen from the House.

Rehabilitation and Redemption of Leaseholders

Laws were subsequently passed to fill in the above framework of legislation. The law of May 1919 provided that only those tenants who held the land on lease since 1901 could buy the farm. Tenants evicted after 1914 could also establish their claims above those of their successors. But it was soon found that, in many cases, parts of property were continuously leased out but not to the same tenant. Such land could be expropriated, according to an Act of 1921, for the benefit of those tenants who could not fulfil the condition of continuous lease from 1901 onwards.

Acquisition of Mismanaged Estates

The provision for expropriation led to a neglect of the estates on the part of the landowners, and instances were found where the proprietors had halted improvement works which were in progress. The Government, therefore, passed a law in 1919, which provided that mismanaged estates might be placed under compulsory administration by the Department of Agriculture. The agricultural associations of the people in the various regions were asked to report any negligence or inefficiency regarding cultivation of land. In 1920, the administration of mismanaged estates was transferred to the Land Office which could order permanent supervision or, if that did not suffice, compulsory administration at the cost of the estate owner where the property is (i) owned by an absentee landlord (ii) managed by an incapable person (iii) not contributing its part to the country's food production (iv) in danger of being mismanaged due to quarrels between the employer and the employees on the estate, (v) to be expropriated. The law was a welcome check on the indifference

of the landowners and though some hundred estates had thus been taken over by the Land Office for administration, the penalty provided under the law had soon its effect and by 1922 the need of the law appeared to be well nigh over.

Establishment of Small Holdings

The next important step was taken in January 1920 by passing the Law of Allotment. Under this Act, details were given as to the persons eligible for allotment such as the small peasant proprietors, cottagers, craftsmen, farm and forest workers, persons without land, legionaries, ex-servicemen etc. The primary object was to create or enlarge individual holdings. The area of land to be given to each individual was to be enough to support a family and was not to be more than a family can cultivate without steady outside help. If the applicant already held a plot, he was to be given what was just enough to supplement his holding for making it an economic one. Generally, 6 to 10 ha. were considered enough to form an economic allotment, though in view of variations in climatic conditions, quality of soil, type of crop etc., even 15 to 18 ha. were permissible. These allotments could not be sold by the holder during the first ten years without the consent of the Land Office.

Regulation of Rights in Land

This law also introduced the principle of family property into the agrarian organisation of the country. Allotments made in virtue of this provision could neither be alienated nor mortgaged without the authorisation of the Land Office. Only an annuity debt was allowed to rest on such properties for specified purposes such as (i) to pay the price of the parcel, (ii) to build or enlarge farmhouses, (iii) to provide or increase equipment and (iv) to pay inheritance or to carry out testamentary arrangements. Similarly, alienation with the permission of the Land Office was allowed only on weighty grounds which were laid down in the Act. The homestead could be passed on only to one person who promised to work it himself, who had the necessary ability to cultivate it efficiently and who was not cultivating a holding larger than one-half the size of the homesteads in the region concerned. The Land Office was authorised to redeem a homestead if the owner came into possession of a property twice as large as the homestead in the region, if he did not live on it and did not himself work the farm, or if he cultivated the land badly.

In the case of large estates whose division would entail loss of farm equipment, buildings, industrial plants etc. these were to be exchanged for land not expropriated but which could be parcelled out with advantage. If exchange was not possible, these large properties were to be given to associations or, failing that, to individuals capable of managing large estates and making them model farms.

Compensation to Estate Owners

The payment of compensation was an important part of this land reform legislation. The basis taken to assess the value of land was the average price current from 1913 to 1915 in the sale of estates exceeding 100 ha. In view of the different kinds of land, a decree of January 1921 laid down several rates of assessment of value for each type of land. The price was to be lessened by 1/10 per cent. for every 100 ha. above 1,000 ha. but in no case by more than 30 per cent. Where there was delay in effecting the transfer, the compensation could be further reduced by .5 to .40 per cent. of the aggregate reduction until the estate was taken over.⁶¹ Encumbrances on such estates were assumed by the State and paid out from the compensation due to the owner.

Compensation in ready cash was considered impracticable as it would endanger State credit or lead to inflation. So, in the indemnity laws of April 1920 and July 1922, it was laid down as a general rule that where immediate payment was not desirable, the indemnity should be recorded in a register with the Indemnity Bank as a State debt. The estate owner was entitled there on to an interest of 4 per cent. per annum, and the Government was bound to pay off at least ½ per cent. of it annually. The Bank could offer repayment of any part or whole of the debt, after giving an intimation to that effect 3 months in advance; this repayment could be either in cash or in other obligations of the same value and carrying the same interest.

Terms of Purchase

As for the price which the allotment holders had to pay, it was to comprise the compensation given to the estate proprietors, plus duty of every kind connected with the transaction, including the cost of administration of the Land Office. The purchaser had the option of paying the whole price at once, or in ten instalments, two of which were due before the transfer was registered. The instalments bearing interest at 4 per cent. are payable annually, though 2 or more can be paid when any one is due.

Assistance to Purchasers

To assist purchasers with limited means, a special law of March 1920, provided for the granting of credits on a mortgage basis. Advances could be granted upto 90 per cent. of the price of the land, and 50 per cent. of the price of the buildings. These amounts could be further increased in the case of ex-servicemen and their dependents. Applicants for land could also get short term credits, either from the Land Office, or from the banks with the guarantee of the Land Office.

⁶¹ Agrarian Reform in Czechoslovakia, Prague, 1923. pp. 10-16.

Administrative Reforms

The execution of the land reforms was entrusted to the Land Office which was created in 1919 specially for that purpose. This department was made responsible to the Cabinet. The President of the Land Office as the representative was to attend the meetings of the Ministers. The Land Office was required to open branches in various parts of the country for implementing the reforms in their respective areas. The work of the Land Office was to be supervised by an administrative committee of 12 members elected by the National Assembly for 3 years at the end of which period a new one was to be elected. The consent of this Committee was required on deciding what properties should be exempted from expropriation, what portion of the estate should be left to the owner, what order should be followed in taking over or dividing the estates, what officers should be established in separate districts and such other issues. In fact, this Board of Control was entitled to demand important decisions of the Land Office to be submitted for approval. Similarly a dissatisfied proprietor of an expropriated estate could submit the decision of the Land Office to the Supreme Administrative Court for reconsideration within a period of sixty days. The ordinary civil courts could also entertain complaints made by the owners who felt that their rights were infringed upon in fixing the indemnity. These limitations on the powers of the Land Office were found necessary to give a full representative character to the decisions taken in respect of land reforms and to ensure that they were in accordance with the dictates of justice.

Reform of Tenancy

While pursuing the ideal of peasant proprietorship, attempts were also made to improve the condition of the tenants. A series of laws was passed by which the tenants on farms not expropriated were safeguarded against being evicted without sufficient cause being shown. These laws prolong, under certain conditions, the small leases even against the lessor's will, if the farmer declares in proper time that he wishes to continue the lease.

To provide land to those who were unable to buy land either in cash or on credit it was provided that the Land Office could oblige the owner of an expropriated estate to lease in small parcels a suitable proportion of that part of his estate which he retained under his own management. If the proprietor failed to carry out such an instruction within the specified time, the Land Office could compel the owner to accommodate the tenant and could dictate the conditions of lease to the parties. These leases, according to a law of 1922, could be reviewed and extended upto 6 years on the same conditions as before. This provision was largely availed of by factory employers and wage labourers of one kind or another. Where the land was badly worked, the Land Office was authorised to cancel the lease. It is important to note that all this was done to protect the tenant's

interests, although tenancy is not an important factor in Czechoslovak agriculture, only $\frac{1}{2}$ per cent. of the agriculturists being tenants occupying 10 per cent. of the cultivated area.

Size of Holdings

Czechoslovakia being accustomed to equal sharing of property among heirs could not escape the developments of excessive subdivisions of holdings. In 1896, as already noted above, one-half of the total holdings in Moravia were less than $\frac{1}{2}$ ha. in size. Taking together the districts of Bohemia, Silesia and Moravia these numbered 71 per cent. of the total.⁶²

Consolidation of Holdings

Efforts towards consolidation and enlargement of holding, in fact, started in 1890 when one of the districts, Moravia, availed of an enabling Act of 1883 to pass laws for consolidation. A special organisation of jurists, engineers and landowners, was created in that year to attend to this work. Consolidation was not made compulsory but could be undertaken by the Government upon the request of one-half of the peasants in a village, or one-third of the peasants if they owned one-half of the land. It could be ordered out by law, if it was necessary to carry out drainage or irrigation projects. Subsequently, other districts undertook this improvement work. The cost of this work is borne partly by the State and partly by the landowners themselves.

Enlargement of Uneconomic Holdings

The problem elicited greater attention when land reform was taken up. The Law of Expropriation made land available to those who wanted to enlarge their uneconomic holdings and under the Law of Allotment it was specifically laid down that small holders should be given land to supplement their holdings to make them profitable. More land was made available for this purpose also through land settlement schemes and by abolishing the system of entail in 1924.

It would appear from the table over-leaf⁶³ that the results of these legislative efforts are not so spectacular as might have been expected. The reason for this is that whatever Czechoslovakia achieved through the land reforms in this respect is to be viewed in the light of certain facts pertaining to Czechoslovak agriculture. Firstly, the reforms were directed to rectify the inequity of land distribution which was not so much due to the existence of small holdings as to the fact that full 60 per cent. to 73 per cent. of the area of large estates (over 100 ha.)

⁶² Social Policy in the Czechoslovak Republic: Edited by the Social Institute of the Czechoslovak Republic (1924) pp. 168-69.

⁶³ Morgan. op. cit. p. 101.

| Size Group | % of Agricultural area. | | Land reform has increased (+) or decreased (-) Size of Group |
|------------|-------------------------|-------------------|--|
| | Before land reform | After land reform | |
| 0—2 ha. | 7.8 | 7.5 | -6.0 |
| 2—5 „ | 14.3 | 15.6 | +9.0 |
| 5—20 „ | 44.1 | 47.6 | +8.0 |
| 20—100 „ | 17.8 | 16.8 | +6.0 |
| Over 100 „ | 16.0 | 10.7 | -33.0 |

was in latifundia (estates over 1,000 ha.); they were owned mostly by the aristocracy, the Church and by the State. The land reforms were directed mainly to break up this extreme concentration of property and, to that extent, the reduction in the area of holdings over 100 ha. by 33 per cent. is a creditable achievement. Secondly, many of these large estates could not be expropriated and far more than the legally determined maximum of 250 ha. was left to the owners to preserve and maintain historically valuable and artistically precious buildings, parks, industrial establishments etc. Lastly, the small farms are cultivated on highly intensive basis, worked by the members of the family and are mostly to provide subsistence to the cultivator; here, crop production is supplemented by live stock production by the holders who also profit by using cows as draught animals. According to the Census of Agriculture 60 per cent. of the small holders in Czechoslovakia have an occupation other than farming.⁶⁴ The following table shows the distribution of farms according to size in 1930.⁶⁵

| Size Group | Number of Farms | | Acres | Area | |
|------------|-----------------|-----------|-----------|-----------|--|
| | Number | Per cent. | | Per cent. | |
| 0—2 ha. | 753,542 | 45.9 | 647,406 | 7.6 | |
| 2—5 „ | 444,099 | 27.1 | 1,587,952 | 18.8 | |
| 5—20 „ | 391,926 | 23.9 | 3,943,102 | 46.5 | |
| 20—100 „ | 46,667 | 2.8 | 1,448,652 | 17.1 | |
| Over 100 „ | 5,075 | 0.3 | 848,598 | 10.0 | |
| | 1,641,309 | 100.0 | 8,475,710 | 100.0 | |

The main objective of the land reforms, viz. to break up the Latifundia has been reached since the estates over 100 ha. number less than one-half per cent. while those between 20 and 100 ha. are below 3 per cent. of the total.

Regulation of Rights in Land

Provisions were included also in other laws for encouraging the maintenance of economic holdings and to safeguard them from being

⁶⁴ *Economics of Peasant Farming*. I. Warriner. pp. 143-44.

⁶⁵ F. Bucck. *Proceedings of the Fourth International Conference of Agricultural Economists*. p. 270.

further broken up. Under the Law of Allotment, for instance, it was provided that strips belonging to one owner should be laid together wherever possible. Similarly, the Land Office could make the distribution of parcels dependent upon the willingness of the applicants to submit the strips which they already own to the surveying and exchange processes for making compact farms. If this was not done when the parcels were distributed, the applicants were to promise to future consolidation and restriping. One more instance of such provision is to be found in the Law of 1919 on long-term leases, under which the tenant was required to exchange any one of his parcels for another, if this was necessary to prevent scattered strips.

Indivisible "Homestead"

Attempts were also made to prevent excessive subdivision and fragmentation, by passing the Land Distribution Law which introduced the principle of indivisible family property or homestead into the country's land tenure system. These small properties could not be alienated, or charged with mortgage or other rights without the authorisation of the State. Similar restrictions were placed on the rights of holders who had obtained land under the scheme of land settlement.

Results of Reforms

The results of these various reform measures are noticeable in all aspects of the agricultural economy of the country. As far as provision of new and old land to the small holders is concerned, till 1938, 4 million ha. or nearly 20 per cent. of the national territory was made available to the small farmers. By thus providing land and making it a condition under the Law of Allotment that the owner of a "homestead" should live on the farm, himself work the land, cultivate the land efficiently and that he should in no way set a bad example to other farmers, the area under direct working has increased to 91 per cent. of the total; the land held on lease is generally additional land acquired on rent by small proprietors. The productive capacity of land has also been raised as can be seen from the fact that despite a decline in the area under cultivation between 1903 and 1937 by 9 per cent. the yield from land rose by about 28 per cent.⁶⁶ Moreover, this increase in the case of small and medium holdings led to an increase in the demand for industrial products, encouraged industrial expansion and, in turn, helped to reduce the dependence on soil by a quarter. Yet, of greater significance than these economic benefits were the social values of the results of these measures which freed agriculture from the strong-hold of a privileged class of landlords and brought about a far more equitable distribution of rights in land than there existed before the adoption of these reforms.

⁶⁶ Economic Development in South East Europe. P.E.P. (1945) p. 140.

15 ROUMANIA

Introductory

The entire surface of Roumania covers 29.5 million ha. of which 14.5 million ha. or 49 per cent. is cultivated land. About 4 million ha. of land is meadow and pasture, .6 million ha. vineyards and orchards and the rest of the area is uncultivable land and forest. Production of cereals predominates in Roumanian agriculture in as much as 78 per cent. of the cultivated area is under cereals. Livestock industry is not of much importance; the density of cattle per 100 ha. of farm land is 23, which is the lowest on the Continent. Agriculture is a major occupation of the people in this country, since as much as 73.2 per cent. of the working population in 1930 was engaged in this pursuit. Roumania has the highest density of agricultural population, there being 45 agriculturists per square kilometre of cultivated area, meadow and pasture.⁶⁷

Inequitous Distribution of Land

After World War I, when the Roumanian Government set themselves to rehabilitate the country's economy, the weakest spots in agriculture attracted their immediate attention and led to the formation of agrarian reform measures. The outstanding drawback in Roumanian agriculture at this time was the inequitous distribution of land among the cultivating classes. A little over one-half per cent. of the proprietors owned 3.8 million ha. or 47.7 per cent. of the cultivated area, thus leaving 52.5 per cent. of it to the remaining 99.4 per cent. of the owners.⁶⁸ This highly unbalanced ownership of land to the disadvantage of a vast majority of peasants threatened to maintain itself if not to gather strength as the Roumanian Constitution did not permit violation of any rights in land.

Constitutional Difficulties Overcome

Land Reform in Roumania, therefore, began with a modification in the Constitution of the country. In July 1917, a law was enacted to this effect which admitted the principle of expropriation in the case of public utility. It was further decided that all land belonging to the Dominions of the Crown, to the Rural Bank, to endowments even when the testamentary donation had specified these lands to be inalienable, should be expropriated in their entirety. The new Constitution defined the various categories of land to be expropriated and fixed the expropriable area at 2 million ha. The expropriation was effected in Roumania in accordance with the laws extant in the separate provinces. The law of expropriation for the Ancient Kingdom, however, indicates the general lines on which are based the laws for Transylvania, Bessarabia and Bucovina, since they differed from one another only in matters of secondary importance.

⁶⁷ Land Tenure Systems in Europe. Table IV. p. 14.

⁶⁸ Morgan op. cit. p. 316.

Expropriation of Estates

In the Ancient Kingdom, the first law of expropriation framed in accordance with the provisions of the Constitution provided for another expropriation of 2 million ha. of private land. This law was wider in scope than the earlier Act as it included rural properties belonging to foreign subjects and to absentee owners within the expropriable area.

With regard to other cultivable area, only partial expropriation was to be resorted to and, in this case, the dispossession was to proceed on a progressive scale in relation to the extent of properties. Thus at one end, properties of 100 ha. or less were completely exempted from expropriation while, at the other end, any excess of land over 500 ha. was to be expropriated by the State.

Expropriation of Long Term Leaseholds

The next step in this direction was taken in 1921 which made possible total expropriation in the case of lands which were leased for more than ten years; exceptions were made for lands belonging to minors and for properties belonging to the State employees. In the case of properties belonging to city or rural communities and to churches and schools, land in excess of 12 per cent. ha. was to be expropriated. Lands under long lease of the form of rental called *embatic*, of hereditary or any other form as also properties owned by persons convicted of crimes against the State could also be expropriated in entirety.⁶⁹ The law was favourably disposed to those who personally cultivated the land. Proprietors who held diplomas of agriculture or whose sons had studied agriculture received a lot of 50 ha. each.

Establishment of Peasant Farms

No sooner land was expropriated than the State placed it in the hands of the peasants, first on a temporary lease and subsequently in permanent ownership. The size of land allocated to persons varied according to the quality of soil in the district concerned, but to ensure profitable exploitation, it was stipulated that each holder should be given land in one piece. To facilitate the implementation of this provision, the State acquired the right of pre-emption on the sale of land of over 50 ha. in area; this also prevented evasion of the reform legislation.

Administration of Reforms

For the execution of land reform, the Government established Public Committees on Expropriation—one Committee for each district—whose duty it was to pass upon the legal status of proprietors from the viewpoint of expropriation and to furnish the necessary appraisal data.

⁶⁹ Morgan. p. 318.

Secondly, there were Departmental Committees to take decisions on the price of expropriated land and to consider appeals made against the Public Committee's decisions. Finally, there was the Agrarian Committee consisting of the Magistrates of the Supreme Court and competent economists; this Committee was the consulting agency for the Ministry and passed judgment only when the law was mis-interpreted.

Compensation

Compensation for the dispossessed land was to be determined on the basis of average rent in the district during the period 1917 to 1922. The State was to pay 40 times this rent to the expropriated owner. The purchasing farmer, in turn, was to pay to the State only 20 times the rent, and thus 50 per cent. of the cost of land was borne by the Government.⁷⁰ The owners were paid in bonds redeemable in 50 years and carrying interest at 5 per cent.

Results

The total land expropriated in Roumania as a result of the land reform upto August 1937 was 5.8 million ha. from over 18 thousand estates. According to official estimates, nearly 2 million persons were entitled to possess land, but only 1,393,353 persons actually received allotment from this area. Despite this shortcoming, there was radical improvement in the distribution of land as compared with the position at the beginning. Thus on the eve of land reform, small properties aggregated in 12 million ha. or 59.77 per cent. of the total area; after the reform, they occupied over 18 million ha. or nearly 90 per cent. of the area.⁷¹ In Bessarabia, however, the new owner was not allowed to sell his holding until he had acquired full ownership of land.

Encouragement to Medium Sized Holdings

To encourage the growth of medium sized holdings and thus to build up a strong agricultural class, the law of March 1937 on the Organisation and Encouragement of Agriculture restored the right to alienate and mortgage agricultural property acquired under the reform, after 5 years of the grant of possession. Permission to sell was granted provided the purchaser did not come to acquire more than 25 ha. of land altogether.

Size of Holding

This more equitable redistribution of land could not but have a favourable effect on the average size of holding in Roumania. The law for expropriation of estates had also a provision for allocating land to enlarge unduly small holdings and as a result, a large number of such undertakings were brought up to economic size. Actual efforts towards

⁷⁰ Land Tenure Systems in Europe. p. 57.

⁷¹ Morgan p. 323.

consolidation, however, came much later. The only possible explanation for this belated effort is that the problem of uneconomic holdings was of secondary importance since holdings below 2.5 ha. covered only 2 per cent. of the cultivated area. The need for consolidation was felt more when the agrarian reform came into operation, since the effect of allocation of new plots often made the property of the peasants more scattered than before. As the problem was more acute in the province of Dobroudja than elsewhere, a beginning was made in this area in July 1930 when the work of drawing up a programme for consolidating plots in this region was started. By 1937 plans for 150 communes out of 182 were completed while the work was put into execution in 70 communes.

Inheritance

To prevent further unhealthy developments in the distribution and size of holdings, the law of 1937 on Organisation and Encouragement of Agriculture prohibited holding not exceeding 2 ha. from being divided after sale or succession. All properties of less than 2 ha. were declared indivisible.⁷¹ The following figures⁷² which are the latest available show the distribution of holdings according to size in Roumania; consolidation having been started in this very year, the effects of this mea-

| | 0-2.5 | 2.5 to 12.5 | 12.5 to 25 | 25 to 125 | Over 125 | Total |
|--------------------|-------|-------------|------------|-----------|----------|-------|
| | ha. | ha. | ha. | ha. | ha. | |
| | % | % | % | % | % | |
| Area | 2 | 34 | 24 | 21 | 19 | 100 |
| Number of holdings | 19 | 56 | 17 | 7 | 1 | 100 |

sure are not reflected in the statement. It may, however, be noticed that even by this time as many as 73 per cent. of the total holdings had come under the small and medium sized holdings between 2.5 and 25 ha. and covered 58 per cent. of the area.⁷³

Results of Reform

The foregoing analysis of land reforms suggests that the Roumanian Government pinned more faith, apart from technological improvements, to the redistribution of land than to anything else. This optimism was to a great extent justified since this single measure removed the greatest drawback in the country's agricultural economy, placed the soil into the hands of those who could exploit it more profitably, provided for a more equitable distribution of agricultural wealth, decreased the extent of tenancy to a negligible proportion, increased the average size of holdings, and facilitated the shifting of surplus population in some regions to thinly peopled and more fertile areas.

⁷¹ Land Tenure Systems in Europe. p. 63.

⁷² Bulletin of the Institute of Statistics, Oxford Vol. 7 No. 9 (June, 1930) p. 160.

⁷³ By September 1944, holding below 5 ha. had increased and come to form 75 per cent of the total. Vide The Balkans (Royal Institute of International Affairs) p. 25.

16 YUGOSLAVIA

Introductory

Yugoslavia has a total land area of 24.8 million ha. of which 13.7 million ha. was being used for agricultural purposes in 1931. Of the latter, 7.1 million ha. or 51.6 per cent. was under field crops, 5.9 million or 43.1 per cent. under permanent meadow and pasture and the rest of the agricultural area comprised gardens, vineyards, orchards, and marshes. Livestock production and poultry farming form an important branch of the country's rural economy. The population of Yugoslavia has steadily increased since the beginning of this century; between 1921 and 1938, it increased from 11.9 million to 15.6 million. Agriculture is the principal occupation of the people, 76.6 per cent. of the population being engaged in cultivation and allied pursuits.

This natural increase in population was the main factor which necessitated the reform of the agricultural structure. But no reform could be undertaken so long as the country's political and economic subjection continued. So, when Yugoslavia won complete freedom after World War I, the Government, in spite of the heavy economic losses suffered during the War, immediately undertook to place agriculture on a firm footing in conformity with the national aspirations for economic and social advancement of the people.

Redistribution of Properties

The main drawback of the agrarian economy of the country was that the landed property was not evenly distributed among the agricultural classes, and a vast number of them had little land or no land at all. Farms above 100 ha. formed 0.02 per cent. of the total in Northern Serbia but 27.2 per cent. in Croatia and Slavonia and 41.8 per cent. in Voivodina.⁷⁴ The major part of the cultivated area was in the hands of small peasants with holdings of more or less uneconomic size. In several parts of the country, large areas of farm land were in the hands of feudal and similar vested interests. On the whole, 280,000 farm families or 14 per cent. of the total had not enough of land to support them while 600,000 or another 30 per cent. had no land at all. The major objective of the agrarian reform, therefore, was to bring about an equitable distribution of land among the agricultural community through expropriation of large properties and through land settlement.

Expropriation

The first law towards this end was passed in February 1919 which provided for the abolition of feudal and similar vested rights in land, the

⁷⁴ Morgan. *op. cit.* p. 364.

cancellation of unfair rent-agreements, the expropriation of large estates, and the provisional distribution of the land in former larger holdings among the poorer tenant cultivators. This was taken as a temporary measure until a definite plan for the redistribution of land was drawn up. More laws were subsequently passed to re-inforce these provisions. As a result, feudal and similar interests in land were extinguished, large estates varying from 50 to 300 ha. were expropriated and the lands were distributed among farm labourers and serf-tenants for whom it was otherwise impossible to obtain land.

By 1931, these laws facilitated the expropriation of about 1.8 million ha. which was distributed among 497,000 families of "squatters", labourers and serf-tenants. To further assist them, the Government gave liberal loans to the settlers to build houses and to acquire the necessary farm equipment.

Redemption of Leaseholds

An important part of this policy was to remove the evil system of leasing land by feudal landlords to serf-tenants on a share-rent basis. The usual rent was one-third or one-half of the gross production of grain and one-fourth or one-fifth of the production of hay. Under the Reforms, all fiefs were liquidated and un-feofed land was abolished. The *Kinet* system and the *Colonat* system under which the tenant paid the rent in kind on a crop sharing basis were abolished. All leases of large estates where the estate-owner himself did not cultivate land were cancelled. The underlying object of these measures was to restore ownership to the cultivating tenant. In some provinces, any land cultivated by the same tenant for over 30 years prior to the Act became his property.⁷⁵ These measures were responsible for the acquisition of nearly a million ha. of private and State owned land on which 480 thousand families of former tenants were settled. The allotment made to each tenant varied between 2 and 7 ha. according to the nature of the soil and the economic status of the purchaser. A considerable part of the distributed land went to enlarge uneconomic holdings.

Compensation

The decision relating to expropriation also fixed the compensation to be paid to former owners. In Bosnia and Hercegovina, the owners were paid partly in cash and partly in the form of bonds, while in the remaining provinces, they were paid entirely in bonds.⁷⁶

Land Settlement

The work of redistribution of land through expropriation was also accompanied by land settlement in the poorer rural districts of the

⁷⁵ Yugoslavia—League of Nations' Monograph. p. 19. Also, Morgan. *op. cit.* p. 365.
⁷⁶ Morgan. *op. cit.* p. 364.

country. The areas used for settlement consisted of vacant State land, fallow land, woodland, village land not required for communal purposes and private property which had been deserted. The settlers received generally 3 to 5 ha. of land; in addition, wherever possible, settlers were given pasturage for the cattle and forest land for fuel; with such liberal State assistance, the settlement policy set up about 41,000 destitute families on land. The settlers have steadily consolidated their economic position and the settlement has been a success from the social point of view as well.

Size of Holding

The results of the above measures show that the desired end has been achieved to a great extent. The redistribution of land has placed 92.5 per cent. of the cultivated area in the hands of the cultivators themselves, thus reducing the area under lease to less than 8 per cent.⁷⁷ There was also a more equitable distribution of land from the view-point of size of holdings as is seen from the following table.⁷⁸

| | | Number | % | Area Hectares | % |
|----------|-------|-----------|------|------------------|------|
| Below | 2 ha. | 671,865 | 33.8 | 693,542 | 6.5 |
| 2 to | 10 " | 1,083,521 | 54.5 | 5,160,725 | 48.5 |
| 10 " | 20 " | 174,069 | 8.8 | 2,380,826 | 22.3 |
| 20 " | 50 " | 49,314 | 2.5 | 1,388,570 | 13.0 |
| 50 " | 100 " | 5,156 | 0.3 | 388,076 | 3.2 |
| Above | 100 " | 1,801 | 0.1 | 684,241 | 6.5 |
| Total... | | 1,985,725 | 100. | 10,645,980 | 100. |

It will be seen that properties above 100 ha. have now been reduced to a negligible number and form only .1 per cent. of the total. The most important is the small holdings group of 2 to 10 ha. covering 48.5 per cent. of the area and the medium sized holdings in the 10 to 20 ha. group covering 22.3 per cent. of the area. Holdings below 2 ha. though cover a relatively small area, account for one-third of the total number of holdings. The situation, however, is not so bad as the figures would suggest since they do not take into account the benefits of pastures and forest lands which are collectively owned by the farmers and which are, in fact, made more intensive use of by them than by the larger proprietors. Moreover, stock breeding is an important branch of activity, which is nearly always carried on all agricultural properties. These small holdings produce mostly for the requirements of the cultivators' family and their existence therefore indicates only that Yugoslav agriculture is not commercialised to that extent.

⁷⁷ Monograph on Yugoslavia. *op. cit.* p. 17.

⁷⁸ *Ibid.* p. 16.

Consolidation of Holdings

Consolidation of holdings, however, was taken up only in two provinces—Croatia and Slovenia, under a law passed in 1902. By 1935 these operations had affected 292 thousand ha. Before World War II, a consolidation law to cover the whole country was under contemplation.

Succession

Attempts were at the same time made to remove the main cause of subdivision of land by modifying the law of succession which, over a large area, admits the principle of divisible succession. Before the outbreak of World War II, the Government was formulating a law allowing small holders to form *Zadrugh* or family community, since the *Zadruga* is the original unit of the social structure and as such does not give rise to the question of subdivision.⁷⁹ All heirs, under such cases, have equal rights but they are confined to members actually living on the *Zadrugh* and earning their livelihood there. Those who carry on occupation elsewhere are thus excluded from sharing in the property. Such a provision would no doubt have a salutary effect, particularly in view of the industrialisation and opening of other avenues of employment which, despite an increase in the population, have helped to reduce the agricultural population from 78.9 per cent. in 1921 to 76.6 per cent. in 1931.

Yugoslavia would have done more towards rehabilitating agriculture and raising the standard of life of the cultivating classes had not the country been burdened with enormous losses valued at billions of dinars during World War I.⁸⁰ Nevertheless it is no small achievement that within a couple of decades of acquiring political independence, the Yugoslav Government set itself to liberate the common cultivator from his economic bondage to the privileged classes, raised his social status and, to the extent possible, made him a member of a progressive community.

17 THE BALTIC COUNTRIES

Introductory

Agrarian reforms in the three Baltic countries—Estonia, Latvia, and Lithuania—may be dealt with together for two reasons. Firstly, these countries are among the smallest ones in Europe; altogether their land area is only 16.6 million ha. of which less than 6 million ha. is cultivated;⁸¹ the total agricultural population of these countries hardly exceeds 2.5 million. Secondly, the agricultural problems facing these countries before

⁷⁹ Land Tenure Systems in Europe. pp. 63-4.

⁸⁰ Morgan. p. 361.

⁸¹ Vide. Population and Agriculture, with special reference to Agricultural Over-population (League of Nations) Table IV. p. 12.

the reforms as also the measures adopted for their solution have much in common. The small size of these countries, however, does not detract the importance of these reforms, since the proportion of agricultural population to the total working population is as high as 67 per cent. in Estonia, 66.2 per cent. in Latvia, and 76.7 per cent. in Lithuania.

These countries acquired independent status after World War I which inflicted on them huge losses of men and property. The raising of the living standards of the people under a planned economy was the only course of avoiding a major crisis in the post-war period. The plan had to go to the foundation of national economy which in the case of all the three countries was agriculture. Agrarian reforms were, therefore, undertaken for the development of a healthy peasant class. This was not practicable so long as the landed property remained the monopoly of the big landlords. The starting point of the reforms, accordingly, was the liquidation of these estates. This major move was, however, supplemented by some other measures to assist and to remove the obstacles in achieving the ultimate objective of economic and social betterment of the agriculturists.

(a) ESTONIA

Inequitous Distribution of Land

The distribution of property before the agricultural reform was most inequitous in Estonia, where 2.4 million ha. or 58 per cent. of the total area constituted vast estates. Nearly half the land was owned by 1,149 proprietors. The main evil in this regard was that though the peasants had been freed from serfdom at the close of the 19th century and were allowed to acquire ownership, the landlords pitched the rents (and consequently the land values) so high that it was almost impossible for any tenant cultivator to redeem himself. Even where a tenant succeeded in obtaining land, the landlord held back all economic privileges.

The condition of farm workers was worse. A great number of them worked on the estates in return of only a small piece of land detached from the area assigned to peasant farmers. A small proportion of the labourers were employed as permanent workers and were paid in cash but at a very low wage rate. Forced services were a common feature of all estates and labour being plenty and cheap, the landowners did not care to improve the conditions of their labourers.

Redemption of Tenants and Serfs

The primary aim of the agrarian reform in Estonia was to redeem the tenants and serf labourers. Their new right to land, however, was not based on the concept of ownership but of heritable "emphyteusis" subsequently, converted into ownership. Former estate owners were left with only a small portion of their property viz., 50 acres on an average.

State Control on Land

Agrarian reforms in Estonia started with the promulgation of Decrees in 1918 regarding the exercise of control by the State over the large estates. These Decrees were followed by a series of orders issued by the "Temporary Government" in which estates and lands situated in the territory of the Estonian Republic, but belonging to the Russian Empire and to the local nobility were declared to be the property of the State. The Government assumed control over the working of large estates in order that badly worked farms should be managed by the State. These measures were only preparatory to the reform proper, their object being to conserve the national property and to protect the country against risk of famine. On this land were to be settled citizens who had rendered distinguished service in the war, disabled ex-service men, and dependents of soldiers killed in action. The next important measure was a law passed in 1919, the primary object of which was the liquidation of large estates and the creation of small holdings in their stead. With a view to creating reserves of land for this purpose, it was provided that the following should be expropriated by the State: (i) all estates belonging to owners of noble-lands, and lands detached therefrom, (except land belonging to the Communes, philosophic and scientific institutions) together with their stock excluding those which would be necessary to the owner for the working of a settlement holding; and (ii) the parishes and lands belonging to the Church, including the farms attached to them. These expropriated properties covered 2.4 million ha. or 58 per cent. of the total area.

Establishment of Small Holdings

Further legislation passed in accordance with the above objectives comprised a law of June 1925 laying down the conditions under which lands could be granted in "emphyteusis" or in ownership; a law of December 1925 on the granting of lands as gift in reward of services; a law of February 1928 on the granting of orchards declared to belong to the State and a law of February 1931 on the attribution of lands to autonomous administrations and to organisations of public utility. These laws laid down two principal bases for the transformation of State reserve lands. Firstly, all lands capable of being utilised for agricultural purposes, except forests situated on expropriated lands but retained as property of the State, could be sold or let out in "emphyteusis" for constructing dwelling houses, forming of small agricultural holdings and for enlarging existing small holdings; lands could be also given to agricultural, educational or co-operative associations, or to associations of public interest and to rural administrations for providing land for their officials and employees and for purposes of public interest. Secondly, the State reserve lands could be employed to exchange with lands in private ownership in order to round off estates and to let lands on lease for a fixed term of years.

Compensation to Dispossessed Owners

The question of compensation to the expropriated owners was passed over in silence during the early stages.⁸² But subsequently, it was decided to indemnify the dispossessed proprietors and accordingly a law on payment of indemnity was passed in March 1926, except in the case of lands belonging to owners who acted against the independence of the Republic, lands belonging to the Russian Government, to the Peasant Banks and to the nobles, and lands left without any owner. The former owners received compensation in the form of bonds guaranteed by the States, the stock being redeemable in 55 years and bearing interest at 2.66 per cent. An amendment of April 1930 provided that pending the issue of stock representing compensation due for expropriated land, land-owners were to be compensated by the conclusion of individual agreements signed by the Minister of Agriculture and confirmed by the Council of Ministers. Under such an agreement, the owner was given, in return for every 100 ha. of agricultural land or forest expropriated, 5 to 9 ha. of arable land or 1 ha. of woodland. By April 1938, owners had received compensation under individual agreements for an area amounting to about half a million ha. or 53 per cent. of the total area for which compensation was payable.

Results of Expropriation

These measures helped to expropriate 2.4 million ha. for distribution among landless persons and ex-servicemen and also for the enlargement of small holdings. In all cases, the small holdings were so constituted as to permit the keeping of some head of stock. The new holdings created averaged 13.5 ha. in size. Up to 1936, the following undertakings were constituted.⁸³

| | No. of Holdings | Total Area (ha.) |
|---|--------------------|---------------------|
| New undertakings | 56,076 | 640,000 |
| Existing small holdings enlarged | 9,777 | 35,000 |
| Farms newly consolidated from the former estates | 23,479 | 470,000 |
| | <hr/> 88,832 | <hr/> 1,145,000 |

On the whole, the reforms affected 89 thousand holdings or 67 per cent. of the total number and placed them above the subsistence level.

Consolidation of Holdings

The problem of uneconomic holdings was tackled also from other sides. In accordance with a law of 1926, consolidation operations were

⁸² Land Tenure Systems in Europe. p. 47.

⁸³ Ibid. p. 47.

started in that year and by 1936, 3,025 plots comprising 51,591 ha. were consolidated while redistribution of land held as collective property affected 674 units, totalling 4,142 ha.

The system of succession based on two laws of 1859 and 1860 has been largely favourable to the preservation of small properties from being excessively sub-divided. According to these laws, landed property of the peasants in Southern Estonia might not fall below 15 ha. while in the western part of Estonia, the law permits sub-division of new undertakings having 3.3 ha. of arable land with the corresponding fields and pastures. Before the outbreak of World War II, Government intended to modify these provisions and to extend the same law to all types of undertakings with a view to preventing holdings being continuously sub-divided. These restrictions regarding the area of peasant holdings have encouraged succession without division particularly in the districts in the South of Estonia, while succession with division is not uncommon in the eastern part of the country.

Results of Reforms

The combined results of these measures are clearly reflected in the distribution of holdings according to size.⁶⁴ Even by 1929, holdings below 5 ha. had dwindled and come to occupy only 2.5 per cent. of the cultivated area in Estonia while those above 50 ha. formed no more than 5.2 per cent. of their total number. Small and medium sized holdings in the 10 to 50 ha. group covered the major part and accounted for 61 per cent. of the total number and 73.3 per cent. of the total farmed area. Over 72 per cent. of the cultivated area was being directly cultivated by the owners.

(b) LATVIA

Inequitous Distribution of Property

In Latvia, the agricultural situation was in as unsatisfactory a condition as in Estonia before the reform. More than 58 per cent. of the total area was owned by the estate proprietors who constituted only 1 per cent. of the country's population.

Establishment of Small Properties

Latvia adopted measures almost similar to those in Estonia with one important difference that the Latvian Government decided to pay no compensation to former landowners who had behaved in a manner hostile to the people. The expropriation resulted in placing additional land of 1.7 million ha. at the disposal of the Government on which were constituted 54,154 small peasant properties, 1,502 market gardens, 10,857 artisans'

⁶⁴ Wilbert Moore. *op. cit.*, table 8. p. 82.

properties and 3,007 fishermen's properties. In all 1.22 million peasants were thus rehabilitated. As a result, by 1938, peasant-land increased to 3.4 million ha. or about 55 per cent. of the total area of agricultural land. The area of the new undertakings was 22 ha. on an average.

Size of Holdings; Inheritance

Consolidation operations were carried out in Latvia at a relatively rapid pace but no figures indicating the actual results are available. Nevertheless, the position relating to the size of holdings in 1929 was more or less the same as that in Estonia. Holdings below 5 ha. were of not much significance while those in the groups 5-10 ha. and 10-50 ha. formed 19.5 per cent. and 57.7 per cent. respectively of the total number, the latter accounting for as much as 64.5 per cent. of the cultivated area. Over 84 per cent. of the area in Latvia has been placed in the hands of cultivating owners and lands cultivated on lease have been reduced to one-tenth of the area.

Succession in the case of new undertakings has not been regulated in Latvia. These properties are, however, subject to the provisions of the Civil Code regarding inheritance of landed property. According to these provisions, an heir who succeeds to several properties with a total area over 50 ha. is required to liquidate voluntarily within 3 years of his coming into possession of the property, the excess land over 50 ha.⁸⁵

(c) LITHUANIA

In Lithuania, the distribution of land was as iniquitous as in the other two Baltic countries before the reforms. As much as 40 per cent. of the national territory was concentrated in the hands of a few estate-holders while 50 per cent. of the land was shared among the mass of the peasantry. About 17 per cent. of the agriculturists owned no land at all. Those desiring to own land were unable to purchase it owing to various restrictions on the reduction in the size of estates as also to numerous inalienable legal rights connected with trusts, ecclesiastical establishments etc.

Establishment of Small Holdings

Agrarian reforms in Lithuania resulted in expropriation of over 566,000 ha. of agricultural land or about 20 per cent. of the total cultivated area. By 1936, 50,000 agriculturists were newly settled on this area, the average area of the undertakings being between 10 and 20 ha. Where as holdings above 100 ha. covered 40 per cent. of the agricultural area before the reform, they covered 5.7 per cent. of the area in 1930 and formed only

⁸⁵ Land Tenure Systems in Europe. p. 51.

0.5 per cent. of the total number of holdings. In 1930, the distribution of holdings according to size was as follows.⁸⁶

| Group. | Number. | % | Area | % |
|-------------|---------|-------|-----------|-------|
| 1-5 ha. | 53,463 | 18.6 | 138,877 | 3.7 |
| 5-10 „ | 78,237 | 27.2 | 526,496 | 13.9 |
| 10-50 „ | 147,602 | 51.4 | 2,538,477 | 67.3 |
| Over 50 ha. | 2,078 | 2.8 | 570,577 | 15.1 |
| Total | 287,380 | 100.0 | 3,774,427 | 100.0 |

Thus, as a result of the reforms, the small and medium sized holdings came to occupy a more important place in the agricultural economy of the country, these together forming 78.6 per cent. of the total number of holdings and covering 81.2 per cent. of the cultivated area.

Consolidation ; Succession

Efforts to eradicate the evil of tiny holdings in Lithuania were more radical than in the other two countries. Before the consolidation operations were started, there were, on an average, 16.7 strips per undertaking and 168 strips per 100 ha. Consolidation placed, on an average, 80 per cent. of these scattered undertakings into the hands of a single cultivator.⁸⁷ To put an end to sub-division of land, the property was made an indivisible property of the heirs ; one or more of the heirs could undertake the management of the property on condition of paying due compensation to the other heirs for forfeiting their rights.

Results

The rehabilitation of the agriculturists was almost completed in Lithuania by 1936. Tenancy was reduced materially, direct exploitation of land by the owner having been extended to 89.4 per cent. of the cultivated area.

It is evident that the Baltic countries took a bold stand for the emancipation of the peasants, redeemed them from servitude and other feudal influences, made peasant ownership nearly synonymous with exploitation of land, and provided legislative safeguards against their lapsing into their former state. The agrarian reforms thus not only strengthened the social structure of the State but also laid down a policy which forms a model basis of agricultural prosperity.

⁸⁶ Land Tenure Systems in Europe. p. 49.

⁸⁷ Ibid. p. 51.

PART III

The Zone of Agrarian Collectivism

The Soviet Union has settled for itself the agrarian problem of "Large Scale Farms versus Peasant Farms", by a decision in favour of large farms under social control. It was expected that such a socialist construction of agriculture would expedite technological development in agriculture, raise the yields to an unprecedented level and would thus improve materially the standard of living of the agricultural classes.

The fundamental difference between the peasant farm and the collective farm is that the former recognises, in fact encourages private ownership of the means of production and has implicit faith in private initiative and in the moral values of self-supporting family farms while the latter abolishes all economic independence of the farmers and transforms them into "agricultural factory workers" without any will of their own. It is, therefore, necessary to study collective farming and the main implications of this revolutionary change which Russia adopted as a better alternative to peasant farming.

18 RUSSIA

Collectivism—a Revolutionary Change

The Russian agricultural policy during the years following World War I comprised not agrarian reforms but agrarian revolutions—so complete was the departure from the traditional methods of farming and landholding. In no other country have there been such radical changes in land tenure within so short a period as in the Soviet Union.

Inequitous Distribution of Land

In the pre-revolutionary period, Russian agriculture was in a very depressed condition. The middle and the upper class cultivators constituting the more or less well-settled section of the agriculturists owned 7 per cent. and 30.5 per cent. respectively of the cultivated area. Another 30.5 per cent. of the area was owned by large estate proprietors whose holdings averaged 2,566 ha. in size. The remaining 32 per cent. of the area was cultivated by the mass of ruined peasants who were oppressed by semi-feudal exploitation.⁸⁸ If Russia had a favourable export position in respect of agricultural produce at this time, it only helped to conceal the fact that both production and distribution thereof were dominated by the wealthy landlords.

The November Revolution, 1917

The November Revolution of 1917 was an attempt to overthrow landlordism and it did succeed in bringing about considerable parcelling of land among the poor and middle peasantry. The following figures relating to the comparative distribution of land in the district of Ukraine before and after the Revolution are sufficiently illustrative of the results of the Revolution.⁸⁹

| Group of farms classified according to value of means of production owned | Area per farm before the war (dessiatins) ⁹⁰ | Area per farm in 1924-25 (dessiatins) | Change (dessiatins) | 1924-25 area in percentage of perwar area |
|---|---|---------------------------------------|---------------------|---|
| 0—200 Toubles | 1.5 | 4.9 | + 3.4 | 327 |
| 201—500 „ | 4.0 | 7.0 | + 3.0 | 175 |
| 501—800 „ | 7.6 | 8.5 | + 0.9 | 112 |
| 801—1400 . | 12.9 | 11.8 | — 1.1 | 93 |
| Above 1400 | 29.0 | 18.2 | —10.8 | 63 |

The Revolution thus almost doubled the land at the disposal of the peasantry in the first two groups; the middle sized farms also were

⁸⁸ Vide A. G. Gayster, *Proceedings of the 2nd International Conference of Agricultural Economists* (1930) Table I p. 350.

⁸⁹ Ibid p. 352.

⁹⁰ 1 dessiatin equals 1.1 ha. or 2.7 acres.

enlarged in almost all parts of the country. This improvement was at the cost of the large estate owners whose properties were reduced by nearly one fourth.

Beginnings of Collectivism

The present collectivist system is in no way a logical development of this redistribution of property, but the result of subsequent replacement of this evolutionary process by a revolutionary policy. The reasons for this sudden change in the policy will be discussed at length subsequently. But it may be noted here that this complete reversal in the process of parcellation of land was due partly to the Government's determination to oust capitalism in all spheres of economic activity and to the almost gigantic plan for industrialisation whose success greatly depended on well developed agriculture.

So Russia started replacing millions of peasant farms by a smaller number of collective farms which, in turn, were placed under the control of a still fewer number of State organisations called the 'machine-tractor stations'. To facilitate this radical change in the land tenure of the country, the Government proclaimed in 1928 that the land was the property of the U.S.S.R. and not of the independent republics in the country as was the case till then. Accordingly a Federal (Union) Commissariat was organised which took over from the Republic Commissariat the work of guiding the socialist re-organisation of agriculture as well as agricultural planning.

The earliest move towards socialisation of land in Russia was in fact made much earlier than is generally known.⁹¹ According to a Decree of February 1918, collectivisation of farms could take any of these 3 forms : (1) the *toz* which was a co-operative farm ; (2) the *artel*, an intermediary farm involving consolidation of fields but division of the returns according to the capital contributed and the quality and type of work performed; and (3) the *commune* whose members pledged to complete the collectivisation of their individual property and to divide equally the collective income. These provisions, however, failed mainly owing to the lack of determination on the part of the Government to enforce them.

The First Five Year Plan

Definite action in this direction, therefore, began in 1927 when, under the First Five Year Plan, large farms, owned and operated by the State, came to be established. In 1930-31, a violent policy of forcing farmers into collectivism was adopted which rapidly changed the agrarian structure. Nearly 5 million kulaks who opposed this change were completely dispossessed of their property. As a result, there was a rapid extension of the collective farms. Whereas before 1930, the number of

⁹¹ Karl Brandit. *Reconstruction of World Agriculture*. pp. 108-09.

collective farms was increasing by less than 30,000 a year, in 1930 alone 86,000 such farms were created. In 1931 the number was further increased by 211,000.⁹⁰ The First Five Year Plan contemplated bringing 15 per cent. of the peasant holds and 20 per cent. of the area into the new system while, actually, by 1933, the Union had succeeded in including nearly two-thirds of the peasant properties and nearly three-fourths of the arable land into collectivism.

The Second Five Year Plan

The Second Five Year Plan (1933-37) concentrated attention more on the problems of power and implement supplies and of increasing crop acreage and yields than on extending collectivism. Between 1933 and 1938 the number of tractors increased from 21 thousand to 483 thousand, of trucks from 27 thousand to 196 thousand and of combines from 25 thousand to 153 thousand. Russia also materially reduced her dependence on the U. S. A. for these supplies by increasing her own production.

Peasants' Opposition

But the course of collectivism did not run smooth. The farmers resented having to surrender their possession, particularly the live-stock which was their chief mobile capital. The opposition was so vehement that they started destroying the livestock or abandoning them to starvation as a result of which more than 50 per cent. of horses, 44 per cent. of cattle, 66 per cent. of the sheep and goats and 43 per cent. of the pigs were destroyed.⁹¹ This loss was disastrous both because there were not enough tractors on hand to replace the lost draught power and because the decline in cattle-heads meant a severe loss of beef, milk and dairy products.

Individual Ownership permitted

This resistance on the part of the peasants was not without some effect. Towards the end of the Second Five Year Plan it was realised that strict adherence to collectivism had not brought about maximum production. It was also found that complete obliteration of individual rights stifled completely the spirit of initiative among the workers. A number of decrees were, therefore, passed reforming the right of the Kolkhoz to hold land and extending the rights of the members to own, manage and operate individual property.⁹² They were further granted rights to own houses, a garden, a small strip of land and some livestock. This reversion from strict collectivism had a healthy effect on the morale of the peasantry and on the agricultural production as well.

90 D. Warriner. *Economics of Peasant Farming*. p. 168.

91 Karl Brandt. pp. 111-12.

92 Ibid. pp. 112-13.

The Third Five Year Plan

The Third Five Year Plan (1938-42) altogether ignored the institutional question of collectivism as opposed to individual farming and mainly devoted itself to the maximisation of food for the people and of raw materials for the industry.

Implications of Collectivism

Collectivism of farms is a highly developed form of agricultural socialisation as can be seen from the organisation for managing these farms. In a collective farm, the farmers in a district throw all their property—land, livestock and implements—into a common pool, and elect a committee of management presided over by a chairman who manages the working of the farm. The farmer's freedom of enterprise is severely restricted as the State's interference extends even to the minutest detail. "The distinctive feature of Russian agriculture" says Sir John Russell⁹³ "is that it is definitely planned by the Central Authority; it is not left to the farmer's judgment of what is likely to be most profitable. The Central Authority decides that certain quantities of the various agricultural products are required and allocates to each of the constituent Republics its share in the production. A counter plan may be put forward, but ultimately agreement is reached. Each Government then allocates to the Regional Head of the Agricultural Departments through the Regional Commissions (Ministers) the share of each region in the work; and each Regional Head allocates shares to the District Heads of Departments. These call together the chairmen of the collective farms in the districts, and between them the various quotas are assigned so that each farm knows what it is expected to produce; each has its "plan". The Chairman must see the plan through and the district agricultural organisation of the Party sees that he does it. Every farm is told, therefore, what crops it must grow, how much it must produce."

Out of the gross farm produce, the State appropriates its stated quota of yield for which the farm is paid at stated rates. The rest of the produce, after making certain deductions, is distributed among the members according to the number of "labour days" which are reckoned not according to the number of days for which the individual has worked, but according to the amount of work put in by him. For this purpose, each of the farm operations is described as a certain number of days according to the character of the piece of work to be done. Thus the tractorist who worked for 10 hours would be credited with "3 labour days" while the watchman of the orchard would have to work for several days to earn one "labour day"⁹⁴. The payment being initially in kind, members were free to sell their produce in the market.

⁹³ Journal of the Ministry of Agriculture 1938, 44, pp. 1063-72. Vide Sir Daniel Hall op. cit., p. 144.

⁹⁴ D. Warriner, p. 188.

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⁹³ *Journal of the Ministry of Agriculture* 1938, 44. pp. 1063-72. Vide Sir Daniel Hall op. cit., p. 144.

⁹⁴ D. Warriner, p. 188.

Types of Collective Farms

We might now consider here the forms into which agriculture has been re-organised as a result of these plans. First of all, come the collective farms or the **Kolkhozi** formed by bringing together a number of peasant undertakings for being worked in common. The land belongs to the members "in unlimited usufruct", "rentfree" and "in perpetuity".⁹⁵ These large farms vary from 200 to 2,500 ha. in size but, on an average, have 458 ha. of arable lands comprising 77 peasant farms with 163 working members. The **Kolkhoz**, in turn, may be either a "toz", an "artel" or a **commune**. The **toz** is a type of co-operative cultivation where members co-operate to accomplish a given piece of work such as ploughing and harvesting while the rest of work is done by the individual on his own. The next stage in the development of the **Kolkhoz** is the **artel** under which all land resources of the members are pooled together to form a collective property; all work is done in common. The produce is distributed among the members according to the rules of the **artel**. The third stage of **Kolkhoz** is the **agrarian Commune** where agricultural production, distribution as well as consumption of produce are conducted in accordance with the principle of agricultural socialisation. The whole "commune" forms an economic unit in which profits, instead of being distributed among the members, are utilised for the amelioration of the entire community. The formation of such communes is at present abandoned. The **artel** is almost the only form of collective farm now to be found in Russia. Altogether by 1937, there had been 243,700 collective farms formed out of 25 million small peasant undertakings.

Individual and State Farms

The other two systems of land tenure obtained in Russia are the State undertakings and the individual undertakings. In the former, which are called **Sovkhozi**, all means of production including the land belong to the State and the farm is worked in accordance with the plans drawn up by the State. The **Sovkhozi** occupy relatively a small proportion of the total cultivated area; in 1936, these farms numbered 4,295 and accounted for less than 11 million ha. The individual peasant holdings which have been retained largely as a result of the resistance put up by the peasants to collectivisation number 1.5 million or 7 per cent. of the total number of undertakings in 1928. They are not completely outside the socialist organisation of agriculture as they are also bound by certain conditions under their contracts with the State regarding the crops to be raised, quality of the produce, prices thereof etc. On the whole, collectivisation has made rapid advance and has covered 93 per cent. of the peasant undertakings and 99 per cent. of the area under cultivation com-

⁹⁵ Land Tenure Systems in Europe. p. 41.

pared with 1.7 per cent. and 1.2 per cent. respectively before the first Five Year Plan came to be implemented.⁹⁶

Claims of Collectivism

It was claimed that collectivism, by eliminating boundary strips and by socialisation of cultivable waste land would make greater utilisation of land resources possible and that, by adopting mechanised farming on large scale it would be possible to increase substantially agricultural production. The adoption of mechanised methods in farming was also expected to increase the efficiency of labour and thus raise the standard of cultivation. In short, collectivism was considered the best way of raising yields from land, increasing agricultural production, lowering costs and raising the profits from agriculture.

Collectivism as an Ideal Policy

A question which naturally arises is whether collectivism has fulfilled these expectations and thus proved itself to be a better ideal than that of peasant farming, and, if so, whether the Russian agricultural policy could be copied with profit by other agricultural countries of the world. Like all vast schemes put forward in an idealistic zeal, collectivism is apt to stir the imagination of most, particularly as it professes to increase farm labour efficiency, facilitate technological development in agriculture and to bring about a more equitable distribution of farm incomes. To determine how far this general belief is justified, it is necessary to know three important facts regarding Russian collectivism viz. that Russia resorted to collectivism because of some important considerations other than of mere agricultural development; that the Soviet Union has not been able to secure for the farmers the various benefits promised to them under collectivism; and, thirdly, that whatever benefits have accrued to the country have been obtained at a disproportionately high price. Each of these three facts may be dilated upon at some length.

Why Collectivism ?

Russia's main objective behind collectivism was to make agriculture a handmaid to industry whose rapid development was the immediate goal of the Government. Indeed, so obsessed was the Soviet Union by this ideal that it tried to compress within a decade or two what other industrial countries had taken more than a century to achieve. All spheres of economic activity were to be subordinated to this great end. As for agriculture, it was decided to replace the prevailing system of small cultivation by well-equipped large-scale farms so as to produce sufficient food for the people and fibre for the growing industries. In return, these farms were also to provide a ready market for the farm tools and machinery

⁹⁶ Land Tenure Systems in Europe. p. 43.

which industrialisation would make available. Another equally important consideration was that Russia was suffering from a dearth of capital. To overcome this handicap, Russia wanted to strictly plan and centrally control all means of production so as to favourably influence the country's balance of trade. The fact that there were vast areas in the country left uncultivated which would not be reclaimed if left to private initiative lent further support to the need for complete socialisation of land.

The trend of political thought in Russia at this time also clearly pointed towards the removal of private enterprise. The then Government was represented almost exclusively by the industrial proletariat which did not favour agrarian reform constituting anything less than collectivism, as this party feared that, otherwise, there would emerge a new class of small but independent 'capitalistic' farmers.⁹⁷ There was therefore no difficulty in enacting laws to compel the farmers who, as a class, were not sufficiently represented in the Government, to come under the banner of collectivism. In short, collectivisation of land in Russia was more a means than an end in itself, the ultimate objective being industrialisation of the country on a scale unparalleled in any other part of the world; the motive power to this revolutionary change in the land tenure was supplied by the popular social theory that the independent farmer was a capitalist and must be dispossessed.

Effects on Agriculture

It may now be seen how far collectivism has succeeded in increasing the productivity of labour on the farm. The forcing of this policy on a considerable number of unwilling farmers itself led to huge losses of capital. Almost half the livestock was slaughtered, which was a great disaster as there were not enough tractors on hand to replace the lost draft power. Almost till 1935 grain production continued below its previous level, while production of meat and dairy products had not come up even in 1938 to the 1928 level. The following figures reveal the trend of agricultural production in Russia during the years following the adoption of collectivism.⁹⁸

| U. S. S. R. | 1913 | 1931 | | 1933 | | 1935 | |
|---------------------------------------|--------|--------|----------------------|--------|----------------------|--------|----------------------|
| | | | % increase over 1913 | | % increase over 1913 | | % increase over 1913 |
| Area under cereals (Mill. acres) | 227 | 249 | 9.7 | 242 | 6.6 | 247 | 8.8 |
| Production of cereals (thousand tons) | 80,100 | 69,480 | — | 89,800 | 11.2 | 90,100 | 12.4 |

⁹⁷ Timoshenko. *Proceedings of the Fifth International Conference of Agricultural Economists*. p. 162.

⁹⁸ *The Russian Peasant and other Studies* by John Maynard, Tables I, II and III p. 483.

Since cereal cultivation accounts for nearly three-quarters of the whole Russian agriculture, the above figures may be taken as fairly representative of the whole agrarian development. It will be seen that during the years immediately following collectivisation, the production fell low despite an increase in the cultivated area. Even in 1935, when production had increased by 12.4 per cent. the major cause for the improvement in the situation was not higher yields but extension of cultivated area. As Prof. Warriner points out: "Most of this increase in output could have as well been achieved by extending the State farms in the sparsely settled and uncultivated regions without collectivising the peasant villages in already settled parts; in fact, had there been no collectivisation, then all the loss of capital through livestock slaughter would have been avoided, and corn production in 1931 and 1932 could have been maintained."⁹⁹

The Price of Collectivism

What is more noteworthy is the heavy price that Russia had to pay to achieve these small results. From the huge losses of cattle wealth and the several unrests among the peasant classes consequent upon the State's embarkation on this policy of collectivism, it is natural that the food situation in the country worsened at least in the early period. The more permanent adverse effects, however, are to be sought elsewhere. The State's minute control, the cumbrous and excessive intervention in farm management, and the arbitrary low pricing of farm products¹ have strangled the interests of the members of the collective farms and thus engendered instability in the collective system. Above all, collectivism has committed the mistake of overlooking the fact that the human element is the most important factor in agriculture. By deifying machinery and by trying to entirely subordinate the most natural impulses in man to the needs of rapid industrialisation, collectivisation has made an utterly wrong approach to the problem of increasing man's resourcefulness. "It is a scheme that fails to take into consideration many organic processes of the greatest importance in agriculture, particularly the human element in farming. In Soviet Russia, machines were not adjusted to the needs and conveniences of farmers, but all agriculture and particularly the whole of land tenure was reshaped for the convenient use of machines, and with neglect and frequently direct sacrifice of the interests of many millions of farmers. As yet, the system has failed to yield even the mechanic results that were expected."²

⁹⁹ D. Warriner. *op. cit.*, p. 174.

¹ Cf "Farmers are forced to sell large part of their produce on very unfavourable terms. If the pace of industrialisation is to be forced, the level of agricultural earnings must be depressed in relation to industrial prices: some degree of exploitation of the peasant is essential to its fulfilment" Warriner. p. 186.

² Timoshenko. Proceedings of the 5th International Conference of Agricultural Economists. p. 167.

Drawbacks of Collectivism

This is evident from the fact that within a decade of introducing collectivism, the rights of the *Kolkoz* to hold land were revised and members were given the right to own, manage and operate individual property; they were granted rights to own houses, a garden and a small strip of land together with some livestock. This concession to individual ownership only emphasises the value of personal interest in land on the part of the peasant. Even then, the fact remains that private initiative has been stifled. Experience has shown that the social control of land and of farming has not always or completely been in the interests of the agriculturists themselves but of other classes of the country. Nor has such control brought security to them. The loss of land by a million "Kulaks" in 1929-30 who were not permitted to join collectives, the eviction and dispossession of several hundred thousand members of collectives in 1932-34 and the mass "purging" of collectives in 1937 have demonstrated that social control and social security do not necessarily go together. Collectivism, therefore, has not developed the peasants to better performance as members of society nor given them greater freedom, and living comfort. It was "the price which Russia paid for the spasmodic efforts to remould an agrarian nation in only three Five Year Plans into a modern industrial power. No one in Soviet Russia ever did claim that collectivism was an effort to create a prosperous moral society enjoying personal freedom, well-being and security."³

In conclusion, collectivisation in Russia is not to be considered as a transformation of land tenures for raising agricultural efficiency and welfare but as an adjustment of agriculture to the needs of industrialisation with little consideration to the human element in farming. In other words, this has been made possible by subverting the whole scale of social values in which not production for man but man for production is the underlying ideology. If Russia still manages to put up with all these drawbacks of collectivisation, it is only because the real well-being of the agriculturists has been subordinated to a single end which is supreme in the view of the Government, viz. maximum industrial development of the country.

³ Karl Brandt. *The Reconstruction of World Agriculture*. p. 261.

tenure has been further strengthened by the provision of a tenancy system which, as already pointed out,⁶ is considered a model one, "providing everything necessary to agricultural and social stability."

It would be erroneous to hold that what has succeeded in England should prove equally successful in India and to advocate on that ground the retention of the present land tenure system in which, admittedly, the non-cultivating landlord is the dominant personality. For one thing, the landlord over a considerable part of India has come into the possession of land by depriving the rights of genuine owners of land. This historical wrong remains unredressed even to this day, despite the ample evidence to prove that these landlords have grossly misused their ill-gotten rights and, as Lord Hastings himself admitted, "subjected the whole of the landless classes throughout the provinces to the most grievous oppression, an oppression, too, so guaranteed by our pledge, that we are unable to relieve the sufferers". Secondly, these zamindars have proved themselves utterly incompetent to manage their estates as we see from the extent of the estates that are going under the Courts of Wards. The Floud Commission have rightly sounded a note of warning that "if the present (land) system remains unaltered, with a strict observance of the Sale Law and a more sparing resort to the protection of the Court of Wards, there will be a complete breakdown of the whole system". The evil influence of the non-cultivating landlord both in the zamindari and in the roytwari areas have been amply discussed in our previous book⁷ and, therefore, need not be reiterated here. Lastly, it is noteworthy that the pressure of population on land in India is so great as compared with England that any such comparison for formulating agricultural policy is bound to be misleading. For, only that system of land tenure is best suited for India as would give an independent means of support to the maximum number of small cultivators possible. A point to be borne in mind in this connection is that, in all these drawbacks of landlordism, India resembles far more the Continental countries in the agrarian reform zone with their residues of feudalism before World War I and that India has nothing in common with England in this regard.

The other land system in Europe which presents a departure from the ideal of peasant farming is the collective farming system in Russia. Enough has been already said about the forces which impelled Russia to resort to collectivism and the heavy price that Russia has been called upon to pay, involving, above all, the suppression of human element which is recognized as the most fundamental element in farming. Moreover, considering the social structure in India, any attempt to enforce collective farming is bound to meet with disaster. Experience has shown that in India, the time is not yet ripe enough even for co-operative farming

⁶ Vide chapter on Great Britain. p. 17.

⁷ Vide "The Indian Rural Problem" pp. 92-126. See also, Bengal Famine Commission Report Vol. II, Note of Dissent by Sir Manilal Nanavati.

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which, indeed, is a desirable end. The various distinctions of class, community and creed, the disruption of communal life in the villages since the establishment of Pax Britanica in India, the existence of the depressed and "untouchable" classes who form a large mass of the rural population are the despair of even the most ardent advocate of co-operative farming in this country. Under these circumstances, to force upon the people a revolution of this type, would only upset the whole economic order, if not lead to chaos. In agriculture, as in other spheres, the only way to ensure enduring progress is to temper our ideologies with practical considerations.

The above is in no way to suggest that peasant proprietorship is the inevitable end for this country. This ideal is to be pursued because it is the most practicable and fruitful step that can be taken in this country. It is here that the study of agrarian reforms in the European countries becomes pertinent for arriving at decisions as to the shape which similar reforms in India should take. Like India to-day, these countries, before the reforms were undertaken, found their agriculture in the shackles of landlordism which was a remnant of the old feudal order. The remedies they adopted have stood the test of time and agricultural economists to-day are increasingly accepting the doctrine that peasant family farms are superior in many respects even to large scale farms.⁸ The pros and cons of the peasant farm ideal have been ably put forward by an expert on this subject whose views have been quoted below at length :—

"A rural society can offer its farm population much greater satisfaction and life to a higher level if most of the farmers have that freedom of management which private property gives. They can earn more benefits from their own skill, initiative and effort, than if they are landless rural proletarians who obey the commands of foremen or managers and merely play the role of a certain measure of manpower exchanged for a wage or members of a collective farm with few opportunities to utilize their individual abilities. So far, it has not yet been proved that given equal opportunities, family farming could be beaten by large scale farms, no matter whether these are privately owned and managed estates, corporations or collective farms. Equal opportunity does comprise a variety of conditions: educational facilities, public research and consulting services, credit facilities, equally good land and the opportunity to adjust the size of layout of farms according to the requirements of efficient work and use of machinery. So far, the highest technical and social performance of every sort of agricultural production, even with its many disadvantages and the discrimination against it, have been accomplished, under the whole range of climatic conditions, by family farmers. This holds for the most labour intensive farming in Europe as it does for the labour extensive farming in the United States and for tropical agriculture as well as efficient and profitable largescale farm enterprises ever seen fit or been able to provide their labourers with housing facilities, real income or general amenities from their rural existence similar to those provided by millions of family farms in Europe or the United States. This judgment does not suggest that all family farms are more productive and provide better living conditions than all large scale farms. In fact, there are large areas.

⁸ It may be noted here in support of this view that England has started the Small Holding Movement and that Russia has also conceded, though partially, the principle of individual ownership. Also note Warrier's remarks on collective farms at page 98 *supra*.

some of them even in the most populated countries, where the family farmer lives in intensest misery and has very limited facilities, while a number of large estates or plantations operate with much greater yields and with better living conditions for their labourers. These conditions are, alas, the result of a social and economic monopoly by the large scale farms which does not give the family farmers anything resembling equal opportunity, or they are the result of atleast the absence of good government and its services to the people.”⁹

The superiority of the peasant farm over large scale farming is to-day an established principle which is finding increasing acceptance even outside Europe. The Governments in all countries where agriculture is a part of the people's economic activity are becoming alive to the fact that in this “farmer-conscious century”, no plan for higher standard of living would materialize unless it is based on the collaboration of the actual tiller of the soil. Countries like the U.S.A., Mexico and China have been endeavouring to establish an increasing number of peasant farms as one of the best safeguards against deterioration of agriculture and impoverishment of the farm population; even during the years of World War II the Continental countries were making further headway in this direction.¹⁰

We may now proceed to state in broad terms the measures comprising the agrarian reforms in the several countries and to examine the application of the principles governing them to India's agriculture. These measures may be summed up as follows:—

(1) Reclamation of waste land and the release of Government owned lands for settling landless agriculturists thereon.

(2) Buying up of big estates owned by individuals and institutions and parcelling out the land among landless cultivators.

(3) Financial assistance to tenants to buy the land they cultivate. Improvement of landlord-tenant relationship where it has not been possible to provide land to a large proportion of tenants.

(4) Imposition of taxes on large individual estates or fixing rentals at low levels to induce non-cultivating owners to part with their land.

(5) Placing restrictions on the transfer of land by cultivating classes.

(6) Creation of non-attachable and indivisible family properties.

(7) Regulation of succession to prevent excessive sub-division of land.

(8) Consolidation and enlargement of scattered and small holdings.

(9) Enforcement of efficient standards of cultivation by empowering the Government to acquire land in the case of mismanaged properties.

⁹ The Reconstruction of World Agriculture (pp. 262-63) by Karl Brandt. Professor of Agricultural Economics, Food Research Institute, Stanford University.

¹⁰ See Appendix.

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The reforms have to be judged by the long-term results if we are to appreciate fully their economic and social implications. But even within the two decades since their institution, the results have been highly promising. "The immediate result of the agrarian reform has been to transform the traditional agrarian structure of the countries of Central and Eastern Europe. The disproportion between large and small estates has been eliminated, and the present distribution of landed property differs in a marked degree from that obtaining before the (Great) War. About 20 million hectares have passed from the hands of landowners into those of small agriculturists. Small rural undertakings now provide work for between twice and three times as many persons per unit of area as large undertakings; and their increase in number has thus led to an increase in the total number of peasants. The formation of a class of peasant proprietors is of fundamental importance in the social and economic organisation of these countries; and it is in this connection that the profound historical significance of the agrarian reforms arises."¹¹

These reforms were further endorsed in 1942 by twelve agrarian experts and representatives of peasant communities in their programme for peasant progress in Central and South-Eastern Europe. "The Land for the Peasant" is the watchword of the signatories of this Programme. They held that the land should belong to those who work it and that "the existence of multitudes of landless men, or men with too little land, side by side with the existence of large estates" should not be tolerated. They regarded "the expropriation of the larger owners and the subdivision of their estates as an essential social reform in those regions where peasant-proprietorship does not prevail..... The main basis on which a sound and progressive agricultural community can be built up is that of individual and peasant-owned farms". The Programme also recommended that "To safeguard the peasant against dispossession or alienation of his land under whatever guise, measures must be taken to prevent speculation in agricultural land, and to regulate the practice of mortgaging it. Further, measures should be framed to limit the right of the Public Authority to distraint peasant holdings for the payment of taxes". One more measure recommended was consolidation of holdings either by voluntary co-operation organized by the peasant community itself, under an arbiter, or by a machinery set up by the law.¹²

II.

The countries of Europe—particularly those in the Agrarian Reform Zone—have demonstrated how by freeing agriculture from the influence of the cast of large estate-owners, the mass of the lower strata of agricul-

¹¹ Land Tenure Systems in Europe, p. 71.

¹² Agrarian Problems from the Baltic to the Aegean (1944). Published by the Royal Institute of International Affairs, London.

turists can be provided with an independent means of livelihood. The problems now confronting India's agriculture are in no way different from those which these countries set themselves to solve, viz. a rapid increase in population resulting in excessive pressure on land and in a growing number of landless people; inequitable distribution of land owing to a large part of cultivated area being concentrated in the hands of a small minority of estate proprietors at one end and the remaining small proportion of land being broken up into small and scattered fragments owned by the vast majority of cultivators, at the other; existence of extensive areas of land lying idle either as fallow or cultivable waste due to absence of land drainage and reclamation schemes etc. The area affected by the reforms undertaken by these countries varied from 6 per cent. in Poland to 50 per cent. of total land in Greece, according to the intensity of the problem. A measure of the degree of success achieved by these reforms is provided by the extent of direct cultivation which now varies from 51 per cent. in Holland to 90 per cent. in Czechoslovakia.

In India, the adverse effects of the defective land system in agricultural production and the need of fostering the feeling of possession in the cultivator so as to provide the necessary incentive to agricultural improvement were brought to the notice of the Government by an expert on agricultural problem more than half a century ago.¹³ At the beginning of this century the Government of India themselves admitted in a memorandum "the Zamindari system of landtenure is not supported by the experience of any civilised country, is not justified by the single great experiment that has been made in India".¹⁴ The evil of landlordism is not confined to the zamindari—permanently or semipermanently settled—estates which cover about 50 per cent. of the total cultivated area but is operating all over the country in various forms. Instances of these are the "Inam" tenures in Madras and Bombay, the "Revenue Free Estates" in Bengal and Bihar, and many other tenures of a similar character which owe their origin to grants made by former rulers of the country in recognition of past services or for the upkeep of religious and charitable services. Apart from these feudal overlords of the Zamindar in the permanently and semi-permanently settled areas, there is, under these a multi-decked hierarchy of absentee landlords thriving on a vast number of rackrented tenants and share-croppers. Even in the ryotwari areas, similar interests have cropped up in the form of landlordism—more than 50 per cent. of the area in the Punjab and 60 per cent. in Bombay being in the hands of non-cultivating owners; conditions in Sind and Madras are in no way better. The evil of absentee landlordism is still gaining strength in this country. With nearly 70 per cent. of the total area under the landlords' hold, India's agriculture has come to be, characterised by the existence, at one end, of a flourishing class of landlords with no interest

¹³ Dr. Voelkar's Report. p. 289.

¹⁴ Memorandum on the Land Tenure Policy of the Government of India (1902).

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in agricultural development, and at the other, a host of uneconomic holders, tenants-at-will and landless labourers. In other words, the present land-system is entirely in favour of the parasitic interests in land and to the detriment of the genuine cultivating classes. That this has told on the productivity of land, inspite of the efforts in several directions to improve the technique of farming is amply proved by a reference to the figures of average yield of crops during the decade 1931-32 to 1940-41,¹⁵ while, as pointed out in the Introduction, European countries have been witnessing an increase in the yields of crop as a result of the reforms.

It is evident, therefore that resolute action is needed to reform India's agricultural economy from every side. The line of action to be taken in this direction may be broadly stated as follows:—

A. Acquisition of land by the Government for distributing the same among genuine cultivators. The land should be acquired for this purpose by (1) Launching a vigorous land reclamation and drainage policy (2) Expropriation of estates owned by non-cultivating owners—by individuals or institutions—except where they are felt necessary as model farms or for such other scientific purposes. (3) Appropriation of lands which are not cultivated according to good rules of husbandry, including lands which are left fallow or uncultivated without sufficient reason.

B. The objective being to retain only genuine agriculturists into cultivation, new avenues of employment should be created into which those whose traditional occupation is non-agricultural but have taken to cultivation under the stress of circumstances should be directed. This is an important measure as one of the causes of the low productivity of land in India is that a large number of those who have taken to this pursuit have neither the traditional spirit, skill, training nor equipment while all these are necessary to develop them into good farmers. Available statistics of the present pursuits of certain "occupational castes" show that nearly seven out of ten who have given up their traditional non-agricultural occupation have taken to agriculture and allied pursuits. The building up of a healthy agricultural community is, therefore, largely dependent on a national plan for rural and urban industrialisation and for diversification of employment, without which it would not be possible

| | | | | | | | | | | |
|-----------------------------------|--|---------|--------|-------|--------|-----------|-------|--------|-----------|-------|
| 15 Production in 1 lb. per acre:— | | | | | | | | | | |
| | | Rice | | Wheat | | Sugarcane | | | Raw-sugar | |
| | | Bengal. | Bihar. | C. P. | B'bay. | Bengal. | C. P. | B'bay. | U. F. | Delhi |
| 1931-32 to 1935-36 | | 896 | 738 | 666 | 428 | 624 | 443 | 5,026 | 3,275 | 1,827 |
| 1936-37 to 1940-41 | | 837 | 676 | 591 | 394 | 577 | 430 | 5,547 | 2,730 | 1,622 |
| Decrease | | 59 | 62 | 76 | 34 | 47 | 13 | 319 | 536 | 35- |

to weed out the inefficient agriculturists and to provide them with independent means of livelihood elsewhere.

C. The genuine cultivators must be settled on land by allotting on lease to each a holding of a suitable size to support the whole farm family. Credit facilities must be provided on easy terms by the State to help them to acquire full ownership in course of time.

D. Necessary measures should be taken to safeguard these holdings against being transferred by the allotment holders. These measures should take the form of prohibiting the holding or any part thereof from being alienated, mortgaged, leased or sold without the permission of the State. This, of course, presupposes adequate provision of credit by the Government as, otherwise, the farmer would find it difficult to raise the finance necessary in the ordinary course of his business.

E. Finally, to ensure best results, the holding of allotment should be made conditional to the observance of certain regulations such as: (1) that the land must be cultivated by the owner himself, (2) that he should live on the farm or as near to it as possible (3) that the holding should not be subdivided into uneconomic units when the heirs of the allotment holder inherit the property.

The last provision is of utmost importance as, otherwise, the reforms introduced will have only temporary results. For too long, India has rigidly stuck to the principle of equal land for each heir and thus kept the door open to one and all to crowd into farming without the least consideration to the capacity of the property to support them. It has had a demoralising effect on the younger generation in as much as it has killed all their initiative to explore possibilities of self-support in other branches of economic activity. The law of primogeniture in England, though not desirable in toto, for India, has the chief merit of developing the constructive and enterprising talent in the younger generation in as much as the other heirs are compelled to carve out for themselves a career elsewhere than on their father's estate. If Indian agriculture, after being rehabilitated, is to be fortified against once again lapsing into an uneconomic business, it is but inevitable that certain restrictions should be laid on free division of land among the heirs as has been done in France, Germany, Estonia, Poland, Czechoslovakia, Romania, and Yugoslavia. A model law of inheritance for India would be one which would require the owner to bequeath his land to an heir of his choice who is willing to cultivate the property himself, while the other heirs would be entitled to a proportionate share not in the land but in the income thereof or to compensation in case they surrender their rights to the favoured heir.

These are the main planks in agrarian reforms. But it would be too impractical to hope that these can be given effect to all at once or that they will transform our agricultural economy overnight. To begin with, the

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ground will have to be prepared for the introduction of these various measures. Again, the implementation thereof itself will, per force, have to be gradual, since the reformers and the administrators will have to proceed as they feel their way through trial and error. In the meantime, certain measures will have to be adopted to remove the drawbacks in our agriculture which call for urgent remedy. These measures would mainly comprise action in the following direction :

(A) The State should assume responsibility for the enlargement and consolidation of small and scattered holdings. New lands acquired by the State should be also utilised for this purpose.

(B) As a first step towards removing the intermediate feudal interests in land, sub-leasing by tenants should be prohibited.

(C) To improve the condition of the existing tenants, the scope of tenancy legislation should be widened by adopting the following measures :

(i) Tenants should be given occupancy rights, though with certain reservations such as restrictions on transfer of land, subdivision of holding etc.

(ii) Their right to equitable rents should be recognised. They should be helped to settle rent disputes without resorting to costly litigation and, for that purpose, the State must make provision for arbitration within the village in such cases as has been done in England.

These are the measures, stated in broad terms, whereby Indian agriculture can be redeemed from its present state. Unless this is done, there is very little hope that 75 per cent. of the agricultural land in the country will be made to produce much more than what it produces now. Nor are these reforms advocated merely for the economic betterment of the agriculturists. No less important are the results from the wider viewpoint of rural sociology or even of the political stability of the country. The rural society of to-day, it is often deplored, no more possesses its former vitality of corporate life, unity and harmony. The fostering of parasitic interests in the village demoralises the upper strata and degenerates the lower classes who sink into an attitude of submissiveness and despair. This is inimical to the mental growth particularly of the latter who constitute a majority of the rural population. Wherever members of the lower classes avail of any opportunity to assert themselves, the only result is disharmony and litigation which, more often than not, ends in their ruin. There are not a few villages in India, even outside the zamindari areas, where the local landlord is all-in-all in the village, with the village officials themselves as his accomplices in his business of exploiting the tenantry. Indeed, still greater are the social losses in these parts where the tenants-at-will, share-croppers and serfs, and even the artisans, are tied to the same person both as their master and creditor. In short,

the evils of these parasitic interests not only impede the growth of the constructive forces in the rural community but destroy its harmony, and cramp the free development of the individuals. Looked at even from the wider point of view of national progress, the existing land system has helped only to build vested interests who look down upon all measures for raising the status of the masses under them with distrust and resentment.

The agrarian reforms on the lines suggested above, therefore, are of paramount importance in any programme that may be put into operation for the reconstruction of agriculture in the near future as a part of the post-war developmental plan. It is, however, imperative to draw here attention to an important fact that these reforms alone would not achieve everything though it is equally true that without these reforms very little can be achieved. The weaknesses in Indian agriculture are so varied and many that only a comprehensive plan of reconstruction would lead the country within the expected time to the desired goal. It would, therefore, be necessary to supplement these reforms by other improvement measures, such as large scale irrigation projects, control of crop-pests and diseases, adequate provision of short and long term credit, education of the rural community, spread of the co-operative movement, development of efficient system of agricultural marketing, reduction of indebtedness, development of leadership in the rural community and a score of other measures which, directly or indirectly, affect the well-being of the cultivating classes. The whole plan has to be implemented with thoroughness and determination since any failure on the part of the new holders to increase the productivity of land, whether as a result of high indebtedness, lack of irrigation or marketing facilities, or want of any improvement measures mentioned above, would only go to strengthen the opposition of the vested interests and thus to bring the whole plan into disrepute.

Lastly, there is one conclusion which lies concealed beneath those that have already been drawn from the study of the European land reforms. In most of these countries the mass of agriculturists were ground down in poverty for centuries by the feudal landlords who were protagonists of the Monarchy which maintained them; the reform movement was born only after these countries had acquired independence as republics after World War I. Their economic history thus illustrates the intimate connection between political liberation and economic emancipation. This is an experience which is particularly significant for us in India at this stage with political freedom in sight.

APPENDIX

(i) U. S. A.

In the U.S.A. the concept of family farm properties is developing faster than in any other country outside Europe. This is largely due to a rapid decline in farm ownership and, in turn, an alarming increase in the proportion of tenants to the total farm population. In a period of 55 years between 1880 and 1935, tenancy increased from 25 per cent. of all farmers to 42 per cent. Efforts are, therefore, being made in more than one direction to assist the lower strata of agriculturists to go up the "agricultural ladder" and finally to acquire ownership of farm. Though the landlord-tenant relationship in the U. S. A. leaves much to be desired,¹⁶ the greater emphasis is on shifting the lease to ownership than on improving the lease itself. The Farm Security Administration, however, tries to build up a healthy contractual relationship between the two groups by promulgating the Flexible Farm Lease which provides for a clear statement of the relation between the landlord and the tenant under rehabilitation and provides for compensation for unexhausted improvement. The Rural Rehabilitation Division of the Federal Emergency Relief Administration assists destitute farm families in rural areas to become self-supporting and independent of emergency relief aid. The programme of the division provides, among other things, for (i) securing the necessary equipment, seed, livestock, additional land etc., to those living on fertile land (ii) relocation of displaced cultivators (iii) settling farmers with poor land on better land (iv) training and advice on farm management (v) transfer of selected families from the towns to subsistence farms and (vi) encouraging unemployed rural workers to develop subsistence gardens and community farmsteads. In some cases, instead of establishing family farms on new lands, the whole estates are turned into large co-operative farms which are leased or sold to co-operatives formed by low-income groups; the members of the co-operative share in the profits of the farm operations usually in accordance with the labour invested by each of them.

The rehabilitation scheme has brought considerable improvement in the tenure conditions of the low-income farm groups. Over 206 thousand tenants who previously held only verbal agreements with their landlords were operating, at the end of 1939, under written leases; in addition, 67,450 debtors had been raised from the status of sharecroppers to that of

¹⁶ Henry C. Taylor Proceedings of the Fifth International Conference of Agril. Economists p. 142. Also B. H. Hibbard Ibid. p. 181.

tenants. Under the Bankhead Jones Farm Act of 1937, large amounts are appropriated for the farm tenancy programme for assisting tenants to purchase farms. These loans may be upto the full value of the farms, and may run over 40 years at 3 per cent. interest. The terms of repayment are indeed liberal in as much as the borrowers can, if they choose to, pay under a "variable repayment plan" which requires the borrower to pay more in years of above normal income and allows him to pay less in years of below normal income than the annual instalment under the "fixed repayment plan".

Similarly, families having a submarginal land are helped in renting farms in new locations and are advanced rehabilitation loans for making a new start. Other agriculturists from the low income group, including farm labourers, are helped to rent or purchase farms under the resettlement projects of the Farm Security Administration.

It is interesting to note in this connection the main recommendations of the President's Committee on Farm Tenancy (1937)¹⁷ some of which have been already given effect to. These recommendations had a two-fold objective in view viz. (i) to facilitate movement upward from rung to rung of the agricultural ladder by farmers who are prepared to take such steps and (ii) to increase security on each of the various rungs of the ladder. The measures recommended for this purpose are :—

(1) A programme of land purchase by the Federal Government and disposition of the land under long-term contracts of sale to operating farmers. State ownership is desirable for enabling the Government to assert their right to discourage the subdivision of economic units, wastage of natural resources, reckless speculation, and absentee landlordism and tenancy.

(2) Longterm leasing of large properties from landowners by the State with a view to subleasing the same to farmers for corresponding periods.

(3) Organising Co-operatives to help family farms to overcome economic disadvantages in obtaining expensive implements, farm machinery, breeding stock as also to facilitate better processing and marketing of products.

(4) Assistance to co-operatives to acquire land, by purchase or long-term lease, for subletting it to group members without any motive of making profit.

(5) Provision of small units of part-time farmers for labourers and other rural workers who have outside employment.

(6) A liberal system of rehabilitation loans to destitute farm families which will be also assisted with technical guidance in farming so as to make their farm yield the maximum and make the family self-supporting.

(7) Introduction of better tenancy contracts and written leases in the place of 1 year's leases without assurance of renewal.

(8) Provision of subsistence farms to labourers either on ownership or an leasehold basis and removal of operators in submarginal land to other localities affording better opportunities.

(9) Levy of a specific tax on capital gains from sales of land made within 3 years of the date of purchase, this measure being recommended to discourage speculation in land.

(10) Differential taxation in some States, in favour of small farms, supplemented by other measures of land reform for encouraging the growth of family size owner-operated farms.

(11) Improved landlord tenant relationship through legislation which would provide for (a) written leases (b) compensation for improvement effected by the tenant (c) compensation to the landlord in the case of abuse of land by the tenant (d) 6 months' notice on either side for termination of tenancy (e) compensation to the other party where the tenancy is terminated without sufficient cause and (f) settlement of landlord tenant disputes by local boards of arbitrators representing both the groups.

This rehabilitation policy has brought considerable relief and hope to destitute and low income farm families in the U. S. A. A study of the Resettlement Administration of 122,000 rehabilitation clients in 1937 indicated that 11 per cent. were capable of assuming full responsibilities of farm ownership, and another 31 per cent. of undertaking the purchase of a small holding, provided the technical guidance given to them was continued for some time more. An additional 33 per cent. appeared ready to graduate into farm ownership after fuller guidance and education for more than 5 years. Only the remaining one-fifth showed no signs of being able to acquire membership either because they were incapacitated by age or ill-health, or they had not the interest or ability to avail of the various facilities given to them.

(ii) MEXICO

At the beginning of this century, landownership in Mexico was highly concentrated in the hands of the ruling classes as a result of lands being given away as tributes to soldiers and other adventurers by the Crown during the last 3 centuries of Spanish domination.¹⁸ The Church was the most important of owners of land, holding nearly three-fourths of the total area. The native population was completely subject to servitude and exploitation by the landlord class.

Immediately after the victory of the Revolution of 1910, the Mexican Government took up the question of agrarian reform "to satisfy the popular impulses". The land reform programme was launched in 1917

¹⁸ Ramon Fernandes Y. Fernandes. *Proceedings of the 5th International Conference of Agricultural Economists*, p. 368.

and comprised three main parts.¹⁹ (1) Governmental regulation of private property rights in land (2) promotion of communal ownership of land in villages and (3) creation of family farms for individual owners. Laws were passed which authorised the State and the Federal Governments to expropriate land for "public utility" and to subject private property to such limitations as would be necessary for regulating the development of national resources, for equitably distributing the public wealth, for encouraging agriculture, for preventing the destruction of national resources and for prohibiting property from damage detrimental to society. Though expropriation was to be compensated, the Government could impose certain restrictions on the use of land without compensation. These restrictions related to the area that any individual may hold. The rights of foreigners, churches, commercial concerns and banks to own land were also severely restricted, the extent of their needs being specially determined in each case by the executive authority of the Union of the respective States.

To give effect to the above measures, two programmes were drawn up which have been partially executed. One of these relates to the action by the Federal Government and is mainly concerned with providing land for communities which is possessed in common, although in the majority of cases the enjoyment of the farming land is individual. The land is possessed in common by the village and cannot be sold or mortgaged. The holders are required to cultivate the land personally on penalty of losing their rights. Though this is the plan for common land allotment, several changes have taken place in the policy as a result of difficulties in the implementation there-of; the most important of these difficulties were a shortage of land, and the ill-feeling between the landowners and the commoners which placed the latter at a disadvantage as they could not get work as labourers on the landowner's farm and had to depend entirely on cultivation of their own small lots. As a result, the policy has evolved towards co-operative cultivation.

The other law relates to the action by the States for effecting reduction in the size of large estates for parcelling them out among small cultivators. The expropriated owners are given bonds carrying 5 per cent. interest and redeemable not earlier than 20 years, as compensation for the expropriated land. The holdings allotted are inalienable during the period of amortization. The Government is reimbursed by the purchaser usually in 20 instalments which include interest on the unpaid balance; payment begins 2 years after the possession of the land. The lots are sufficiently large to make the cultivator and his family self-supporting. But the allotment has to be cultivated directly by the owner.

Upto 1937, 20 million ha. had been granted for common lands, of which 4 to 6 million ha. are farming lands. This has helped to settle one million and a half agriculturists as common landowners. Besides, there

has been created a large number of medium and small holdings. The *latifundia* are practically abolished.²⁰ Not a little of this successful advance of agrarian reform goes to provision of agricultural credit by the State through the National Bank of Common Land Credit which advances loans to common landowners and through the National Bank of Agricultural Credit which meets the credit requirements of medium and small farm owners.

(iii) CHINA

China, like India, is an agricultural country with an overwhelming majority of its population—nearly 80 per cent.—depending on land. The highly unequal distribution of property, the small size of holdings and absentee landlordism have led to pauperisation of cultivators to such an extent that agricultural economists have been repeatedly pointing out that the only hope of rehabilitating Chinese agriculture lies in adopting land-reforms which would transform the whole system of land tenures. Latest available statistics show that absentee landlords who from only 3 per cent. of agriculturists own 26 per cent. of land whereas 68 per cent. of the cultivator's who are poor peasants have only 22 per cent. of the cultivated area.²¹ The holdings are also so small that even the rich peasants in North China have only 8.2 acres each and in South China 5 acres each while the poor peasants have hardly 1.2 acres and 5/6th of an acre in these two regions respectively.

A beginning towards agrarian reform was made in 1926 when the Government took up the question of State regulation of rents as advocated by Dr. Sun-Yat-Sen, the Leader of the Kumintang. The maximum rent prevailing then was considered as 50 per cent. of the main harvest and the reduction necessary was supposed to be the equivalent of 25 per cent. of this maximum. The standard rent thus was to be 37.5 per cent. of the total main harvest. By 1932, 5 Chinese provinces had issued a governmental decree for rent reduction and out of these only one province had given it an actual trial. The experiment was not quite successful owing to the highly dominating influence of the landlords on the rural society including the village officials and the police.

There is now a growing consensus of public opinion in China in favour of agrarian reforms. "It is argued" says the Annual Report of the Bank of China (1935) "that the system of ownership is the foundation of rural economy, and that, unless the problem of agrarian reform is satisfactorily solved, the various constructive activities proposed for the improvement of the agricultural situation will be superficial and have only a limited value."²²

20 Fernandez. *op. cit.* p. 377.

21 Chen Han-Seng: "The Chinese Peasant", p. 13.

22 Quoted by R. H. Tawney. Introduction to "Agrarian Reforms in China". Institute of Pacific Relations.

A fillip was given to this movement in favour of landreform by the Chinese Land Investigation Society, which, at its fourth annual conference, discussed the problem of "how to bring into realisation the principle of peasant ownership" and proposed that land-bonds be issued to provide the funds for the establishment of owner-operated farms, that farms be standardised with families as the unit and that all further division be prohibited.

In the same year, the Chinese Government decided upon the following principles to govern the revision of the existing law: (a) that a minimum area of land of each owner cultivator family should be determined (b) that its further disposition should be severely limited and also that a maximum debt that can be raised on land be fixed (c) that if a peasant has worked his leased land for more than 5 years and his landlord, without sufficient reason, is an absentee landlord, the tenant peasant may apply for the acquisition of the land; (d) that the maximum rental be fixed 8 per cent. of the value of the land and that this should be payable in agricultural produce in accordance with local traditions.

The introduction of reforms on these lines is considered to be no easy task owing to the opposition with which they are bound to meet from the landlords who have a strong hold over the village. The national crisis in the country and the pre-occupation with war made it difficult for China to launch such a radical programme till now. The Chinese Government have, therefore, decided to introduce, as part of the urgent reconstruction plan, a campaign for 25 per cent. reduction of land rents and authorisation of advances by the Farmers' Bank, (one of the State Banks) to farmers desirous of buying lands which they cultivate as tenants.²³

(iv) Agrarian Reforms in Europe During the War

Since World War II, land reform has made further headway in some of the European countries. In England, the Government propose to introduce permanent legislation for the control, by supervision, direction and, if necessary, by dispossession, over the farmers who fail in their responsibilities as producers. This control is to be exercised through County Committees appointed by the Ministry and consisting in part of nominees of different sections of agriculture who would assist the Ministry in the advisory and training schemes. The Agricultural Minister would be empowered both to acquire lands voluntarily and by compulsion and to establish a committee for management and development.²⁴

In the Eastern European countries new laws have been enacted during 1944-45 which basically provide for confiscation of all land belonging to anti-national persons; confiscation or redemption of all holdings exceeding a certain maximum, usually 125 acres; distribution of land to agricultural labourers and small peasants, with a maximum size of about

²³ Dr. Wang Shih Chih Vide the "Statesman" dated 20-9-45.

²⁴ "Food and Farming" (Ministry of Food, Public Relations Division) of 21-11-45.

12 acres for each ; restrictions on alienation, mortgage and lease of new holdings ; appointment of locally elected committees of claimants for attending to matters regarding confiscation, distribution etc. of land ; compensation to owners of land at the rate of approximately twice the value of a year's harvest and to be spread over up to 20 years ; transfer of pastures and forests into State or communal ownership.²⁵

Two of the most recent laws of this type may be noted here to illustrate the trend of these reforms. In June 1945, Turkey passed a law, officially known as the Law Providing Land for Farmers. The primary objectives of the law are (i) to provide land for the landless cultivators and uneconomic holders (ii) to furnish necessary capital to farmers who have land but not the necessary farm equipment and (iii) to ensure efficient and continuous cultivation of land. This measure, it was expected, would benefit 128,700 families without land and 872,000 families with insufficient land.

The land for this rehabilitation work was to come mainly from large owners but also from State lands not used for public purpose, land owned jointly by one or several villagers, and reclaimed land. Compensation for expropriated land varied according to the size of the property ; in the case of land above 5,000 donums (1235 acres), the value was determined according to that used in levying the land tax. For land less than 2,000 donums (about 500 acres), the value was trebled while for properties between 2,000 and 5,000 donums it was doubled. Land was to be distributed among tenants, uneconomic holders, agricultural labourers, migrating agriculturists, agricultural graduates and those who have completed recognised courses in agriculture but owned insufficient land or no land at all, and those who, though not farmers, were willing to take to farming.

Expropriated owners were to be compensated in 20 equal annual instalment in the form of Treasury Bonds called "Soil bonds" bearing 4 per cent. interest. After distributing the lands, bills were to be prepared in the name of the Government's Agricultural Bank, to be paid by the recipients of land in 20 annual instalments, without interest, beginning from the sixth year following the purchase. An interesting feature of this contract was that which provided for the deduction of 5 per cent. of the remaining instalments from the purchaser's obligation for each of his children when they reached the primary school age. Further financial assistance was also provided for through the Agricultural Bank to assist the purchasers of land to finance agricultural operations and to secure farm equipment, buildings and live stock.

In August 1945, a similar law was passed in Yugoslavia by the Legislative Committee of the Parliament. This law was based on the principle that the holder of the land should be the owner thereof. But no farmer was to own more than 35 ha. Cultivating landlords owning

²⁵ Buletin No. 7 Institute of Statistics, Oxford 30-6-45. pp. 160-61.

more than 35 ha. were to be compensated for the expropriated surplus while absentee landlords were to be dispossessed of all their land above 5 ha. (12 acres) without compensation. This law applied to individual landholders as also to church land, monastery estates and trust fund estates.

In planning for post-war re-organisation of national economy, Governments in Europe are becoming increasingly conscious of the need of re-organising the basic foundation of land ownership for facilitating maximum food production. From experience, these countries have learnt that technical improvements in agriculture, though important and even indispensable, have but a limited utility and even this relatively small benefit cannot be secured unless the problem of tenures and tenancies is satisfactorily solved.

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